SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1933

No. 608

THE COLUMBUS GAS AND FUEL COMPANY,
APPELLANT,

vs.

THE PUBLIC UTILITIES COMMISSION OF OHIO
AND THE CITY OF COLUMBUS, OHIO

APPEAL FROM THE SUPREME COURT OF THE STATE OF OHIO

VOL. IV

	Original	Print
Testimony of John E. Kelley (Continued)	3606	2427
E. L. Carter	3652-A	2462
Going concern value—United Fuel Gas Co	3653	2463
Testimony of F. H. Lerch	3654	2463
John T. Kimball	3673	2471
Earl L. Carter	3697	2480
Labor performance—Columbus Gas and Fuel Co	3700	2481
Testimony of H. R. Allensworth	3701	2481
Testimony of D. O. Ferguson	3718	2491
Gas holder—Columbus Gas and Fuel Co	3749	2510
Testimony of L. E. Welker	3750	2510
James P. Strickler	3755	2513
D. J. Demorest	3760	2517
James P. Strickler	3764	2519
Frank W. Phillips	3767	2520
James P. Strickler	3772	2522
Harry R. Allensworth	3783	2528
Going concern value—Columbus Gas and Fuel Co	3801	2542
Testimony of L. E. Welker	3802	2542
James P. Strickler	3826	2559
B. L. Wheeler	3827	2560
Arthur S. Dewing	3845	2574
F. C. Hamilton	3901	2614
B. L. Wheeler	3955	2650

JUDD & DETWEILER (INC.), PRINTERS, WASHINGTON, D. C., FEBRUARY 5, 1934.

	Original	Print
Testimony of James P. Strickler	4048	2718
C. I. Weaver	4049	2718
H. R. Allensworth	4051	2720
Cost of financing—Columbus Gas and Fuel Co.	4073	2733
Testimony of L. E. Welker	4074	2733
Arthur S. Dewing	4078	2735
F. C. Hamilton	4104	2754
B. L. Wheeler	4109	2758
H. R. Allensworth	4121	2765
General overheads—Columbus Gas and Fuel Co.	4128	2770
Testimony of L. E. Welker	4129	2770
James P. Strickler	4157	2787
H. R. Allensworth	4161	2789
Working capital, materials and supplies—Columbus Gas and Fuel Co.	4172	2797
Testimony of Loy Welker	4173	2797
Testimony of H. R. Allensworth	4191	2807
Annual allowance for depreciation—Columbus Gas and Fuel Co.	4194	2809
Testimony of H. R. Allensworth	4195	2809
Load building expense—Columbus Gas and Fuel Co.	4205	2813
Testimony of L. A. Seyffert	4206	2813
H. R. Allensworth	4224	2823
L. A. Seyffert	4229	2828
Gas sales . . . Lost gas—Columbus Gas and Fuel Co.	4233	2830
Testimony of L. A. Seyffert	4234	2830
H. R. Allensworth	4236	2831
L. A. Seyffert	4253	2841
H. R. Allensworth	4258	2844
Collar leak clamps—Columbus Gas and Fuel Co.	4277	2856
Testimony of H. R. Allensworth	4278	2856
Company exhibits	4304	2874
No. 2—Summary; Reproduction cost new and reproduction cost new value less depreciation, Columbus Gas and Fuel Co.	4304	2874
No. 10—Projected income statement, Columbus Gas and Fuel Co.	4305	2875
No. 11—Gas contract, Ohio Fuel Gas Co. with Columbus Gas and Fuel Co and Federal Gas and Fuel Co., July 1, 1929	4309	2879
No. 12—Articles of agreement between Ohio Fuel Supply Co. and Columbus Gas and Fuel Co., March 12, 1914	4314	2884
No. 15—Balance sheet, Dec. 31, 1929, Columbus Gas and Fuel Co.	4325	2895
No. 16—Dividend statement, Columbus Gas and Fuel Co.	4327	2896
No. 17—Income statements, Columbus Gas and Fuel Co.	4328	2897

	Original	Print
No. 19—Statement showing additions to property, Columbus Gas and Fuel Co.	4329	2898
No. 43—Statement showing detailed classification of M C. F. sold, amount of revenue received, and average rate per M C. F. sold for year ended June 30, 1930, including the Pittsfield Gas Co. for last six months of 1929 (Ohio Fuel Gas Co.)	4330	2899
No. 44—System wide city gate rate—valuation summary of production and transmission property as of December 31, 1929, and valuation of Gas Lands as of June 30, 1929, with analysis of cost per M C. F. of delivering gas at the city gates for year ended December 31, 1929 (Ohio Fuel Gas Co.)	4338	2907
No. 45—Valuation—The Ohio Fuel Gas Company as of December 31, 1929—Volume I—Summary	4344	2912
No. 58—Contract of The United Fuel Gas Company with The Ohio Fuel Gas Company for the sale of gas to the latter, dated October 31, 1927	4346	2915
No. 59—Contract of August 30, 1926, for purchase of gas by Hope Natural Gas Company from the United Fuel Gas Company	4353	2920
No. 60—Contract of October 15, 1928, for purchase of gas by Hope Natural Gas Company from the United Fuel Gas Company	4360	2927
No. 61—Contract of October 1, 1924, for purchase of gas by The Logan Gas Company from the Union Natural Gas Corporation	4371	2936
No. 62—Copy of Voucher A-551 of The Ohio Fuel Gas Co. showing purchase of gas from The Hope Natural Gas Co.	4379	2942A
No. 64—Compilation of natural gas security issues	4384	2944A
No. 69—Statement showing allocation of city gate costs to City of Columbus, 1929, Ohio Fuel Gas Co.	4386	2945
No. 74—Excerpt from minutes of meeting of directors of Ohio Fuel Gas Co., Nov. 5, 1924	4387	2946
No. 78—Statement of the Public Service Commission of West Virginia to the Supreme Court of Appeals of W. Va. Re The United Fuel Gas Company	4395	2950
No. 80—System wide production and transmission costs—United Fuel Gas Company	4418	2965
No. 81—Balance sheet as of December 31, 1929—United Fuel Gas Company	4439	2976
No. 82—Balance sheet as of December 31, 1930—United Fuel Gas Company	4440	2977
No. 83—Map showing production and transmission System—United Fuel Gas Company	4441	2978A
No. 96—Income statement, 1930, Columbus Gas and Fuel Co.	4442	2979

	Original	Print
No. 97—Balance sheet, Dec. 31, 1930, Columbus Gas and Fuel Co.	4443	2979
No. 98—Memorandum re ordinances introduced as company exhibits Nos. 28 to 41 inc.	4444	2980
No. 116—Valuation and inventory of property of United Fuel Gas Company as of December 31, 1928	4449	2985
No. 140—An offer from The Benedum-Trees Oil Company dated June 23, 1931, to purchase gas lands from Ohio Fuel Gas Company	4452	2989
Nos. 157-A to 157-D—Excerpts from "Gas Age," July 19, 1918	4453	2989
No. 159—Excerpt from Ohio State Journal, Oct. 7, 1931	4457	2996
No. 173—Memorandum re difference in classification, etc.	4458	2997
No. 177—Statement showing reserves for replacements, retirements, etc., with ratio of reserves to book investment of property for 3 years—Ohio Fuel Gas Company	4461	2999
No. 178—Statement showing reserves for amortization of leaseholds only, with ratio of reserves to value of leaseholds for 3 years—Ohio Fuel Gas Co.	4462	2999
No. 178-A—Statement showing reserves for amortization of leaseholds only, with ratio of reserves to value of leaseholds as per books adjusted to reflect for correction made in December, 1930—Ohio Fuel Gas Co.	4463	3000
No. 179—Statement showing leases transferred to class 1, years 1927 to 1929, inc., Ohio Fuel Gas Co.	4464	3001
No. 180—Statement of annual payments in lieu of drilling agreements as of June 30, 1929—Ohio Fuel Gas Co. (including The Logan Gas Company)	4465	3002
No. 184—Income statement for nine months ended Sept. 30, 1931, Columbus Gas and Fuel Co.	4466	3004
No. 186—Valuation statement of Aug. 31, 1925, Columbus Gas and Fuel Co.	4468	3006A
No. 201—Division of water works—City of Columbus, 16" C. I. water main	4469	3007
No. 205—Projected income statement based on actual operations for year ended Dec. 31, 1929, Columbus Gas and Fuel Co.	4475	3010
No. 208—Findings of Public Utilities Commission of Ohio, No. 341	4476	3011
No. 210—Blundon appraisal and methods applied on each market, etc.	4484	3018A
City exhibits	4484-A	3019
No. 26—Statement showing acreage operated and unoperated by counties as of June 30, 1929—Ohio Fuel Gas Co.	4484-A	3019

	Original	Print
No. 27—Statement showing number of operated and unoperated acres with value as per books from December 31, 1925, to December 31, 1930—Ohio Fuel Gas Company and The Logan Gas Company	4485	3020
No. 30—Opinion of Supreme Court of Appeals of West Virginia, Nos. 6956 and 6956-A	4486	3020
No. 46—Income statement for year ended December 31, 1930—Ohio Fuel Gas Company	4503	3032
No. 47—Balance sheet as of December 31, 1930—Ohio Fuel Gas Company	4504	3033
No. 50—Gross additions to acreage from January 1, 1924, to December 31, 1929—Ohio Fuel Gas Company and The Logan Gas Company	4505	3034A
No. 50-A—Supplement to City Exhibit #50, showing additions, transfers and abandonments of acreage from January 1, 1924, to December 31, 1929—Ohio Fuel Gas Co. and The Logan Gas Company	4506	3034A
No. 60—Valuation as of Dec. 31, 1929, property for service within City of Columbus, Columbus Gas and Fuel Co., collation	4507	3035
No. 66—Labor performance data, Dec. 31, 1929, Columbus Gas and Fuel Co.	4509	3037
No. 69—Income statement, 1929, Columbus Gas and Fuel Co.	4522	3042
No. 102—Statement showing net book additions to fixed capital accounts, United Fuel Gas Co.	4523	3042
No. 108—Report of Williamson, Public Service Commission statistician, filed May 27, 1931	4524	3043
No. 110—Statement showing reserve for replacements, retirements, etc., to ratio of reserves to book investment of property for 5 years—Ohio Fuel Gas Company	4532	3053
No. 111—Statement showing reserves for amortization of leaseholds only with ratio of reserves to value of leaseholds as per books for 5 years—Ohio Fuel Gas Company	4533	3053
No. 2—Statement showing detail of operating expenses, etc., Columbus Gas and Fuel Co.	4534	3054
Company exhibits	4538	3057
Nos. 23, 23-A, 23-B—Statements and diagrams showing receipts and deliveries, Ohio Fuel Gas Co.	4538	3057
No. 23-C—Diagram showing properties of Logan Gas Co., June 1, 1929	4544	3060A
Nos. 76 & 77—Condensed statements of income and expenses of Columbia Engineering and Management Corp., Dec. 31, 1929, Dec. 31, 1930	4545	3061

	Original	Print
No. 79—Summary of operating expenses of Columbia Engineering and Management Corp., Dec. 31, 1930	4547	3063
No. 93-A—Statement showing monthly sales by classes, etc., Columbus Gas and Fuel Co	4556	3070
City exhibits	4557	3072
No. 6—List of subsidiary companies as of Dec. 31, 1929, Columbia Gas and Electric Corp.	4557	3072
No. 11—Statements showing directors and officers of various companies for years 1927 to 1930 inc.	4558	3073
Nos. 18 & 18-A—Statements showing results of operations, 1929 and 1930, Preston Oil Co.	4581	3085
No. 21—Annual report of Columbia Gas and Electric Corp. and subsidiary companies, 1930	4583	3086
No. 23—Statement showing book investment income and dividends, etc., Preston Oil Co.	4595	3105
No. 24—Statement showing gas wells operated by counties as of June 30, 1929, Ohio Fuel Gas Co.	4596	3105
No. 25—Statement showing operated acreage by counties, etc., Preston Oil Co.	4597	3106
No. 28—Analysis of Columbia Engineering & Management Corp. charges for 1929 and 1930, Columbus Gas and Fuel Co.	4598	3107
No. 33—General balance sheet, 1929 and 1930, Columbia Engineering & Management Corp.	4599	3107
No. 36—Balance sheets, 1929 and 1930, Preston Oil Co.	4600	3108
No. 37—Statement showing book investment, income and dividends, etc., Preston Oil Co.	4601	3108
No. 39—Analysis of direct overheads; reference to company exhibit 2	4602	3109
No. 51—Statement showing M C. F. purchased and produced, etc., 1929 and 1930, Ohio Fuel Gas Co.	4604	3111
No. 52—Statement showing amount of gas sold at 45¢ per M C. F., 1928-1930, Columbus Gas and Fuel Co.	4605	3112
Nos. 56-57-58-59-60—Valuation statements as of Dec. 31, 1929, Columbus Gas and Fuel Co., property within City of Columbus	4607	3113
No. 65—Classification of leaseholds	4628	3124
No. 67—Income statement, 1929, Columbus Gas and Fuel Co.	4630	3125
No. 68—Tables 1 to 9 inc.; labor statistics, cost of certain work, etc.	4636	3130
No. 69—Income statements, 1929, Columbus Gas and Fuel Co., valuation statements, etc.	4651	3138
No. 70—Statement showing operating expense, 1929, Ohio Fuel Gas Co.	4697	3161
No. 75—Determination of city gas rate for natural gas at Columbus, etc.	4701	3164

	Original	Print
No. 86—Report of Ohio Fuel Gas Co., city gate rate, prepared for City of Columbus	4702	3164
No. 87—Report of Ohio Fuel Gas Co., general and direct overhead, city gas rate, prepared for City of Columbus	4707	3166
No. 88—Report of Ohio Fuel Gas Co., city gate rate, prepared for City of Columbus	4721	3167
No. 113—Statement showing monthly deliveries of natural gas to Northwestern Ohio Natural Gas Co., 1929 and 1930	4729	3172
No. 115—Report of Ohio Fuel Gas Co., miscellaneous studies, city gate rate, prepared for City of Columbus	4730	3173
No. 116—Map of Ohio showing districts and towns of Columbia Gas and Electric Corp., Columbus group, as of July 1, 1930	4757	3190A
Joint exhibit—Statement showing charges to reserve for amortization of leaseholds, 1928-1930, Ohio Fuel Gas Co.	4759	3191
Clerk's certificates (omitted in printing)	4760	
Order extending time	4762	3192
Statement of points to be relied upon and designation of parts of record to be printed	4764	3193
Counter-designation of additional parts of record to be printed	4765	3210

	Original	Print
Proceedings in Supreme Court of Ohio, second appeal	3224	3224
Certificate of transmittal (omitted in printing)	3224	
Summons and severance (copy) (" " ")	3225	
Motion for severance (") (" " ")	3227	
Order granting severance (") (" " ")	3231	
Petition for appeal, assignments of error and prayer for reversal	3232	3224
Order allowing appeal	3242	3234
Citation and service (omitted in printing)	3243	
Bond for costs on appeal (" " ")	3244	
Supersedeas bond on appeal (" " ")	3248	
Order of supersedeas (copy) (" " ")	3250	
Præcipe for transcript of record (copy) (" " ")	3252	
Order transmitting original exhibits	3269	3235
Appellees' præcipe for transcript (copy) (omitted in printing)	3270A	
Order transmitting original exhibits	3270B	3237
Docket and journal entries, No. 23,864	3271	3240
Docket and journal entries, No. 23,868	3272	3241
Motion for clarification of judgment	3274	3242
Exhibit "A"—Order of United States Supreme Court dismissing appeal for want of final judgment	3276	3244
Order on motion for clarification of judgment	3278	3245
Mandate	3280	3246
Finding and order of Public Utilities Commission of Ohio, carrying into execution the mandates of Supreme Court	3283	3247
Clerk's certificates to docket and journal entries (omitted in printing)	3291	
Certificate of lodgement (omitted in printing)	3293	
Clerk's certificate to record (" " ")	3294	
Statement of points to be relied upon and designation of parts of record to be printed (copy) (omitted in printing)	3295	
Counter-designation of additional parts of record to be printed (copy) (omitted in printing)	3312	

Q. That would make 90. And then how was the rest of it?

A. The rest would be—in our purchases we did not have the differentiation between classes 3 and 4 as carefully worked out as the Columbia Companies do. I should say that about three-fourths of the remaining 10 per cent was class 3 and 2½ percent class 4.

Q. You have not been a witness for the United down there in their litigation in West Virginia?

A. No.

Q. This is your first appearance for any one of the Columbia groups?

A. Yes.

Q. In that 18 percent of No. 2, were there any wells, any productive wells?

A. About 7.

Q. Do you happen to know how many dry holes in all of that acreage had been drilled?

A. Prior to our acquisition of it?

Q. Yes.

A. Three.

Q. Out of you say 712?

A. 712 producing wells.

Q. Pretty good record, wasn't it?

A. No, sir, we didn't buy property that had dry holes on it when it was possible to avoid it.

Q. Which means that you were looking for the very best.

A. We were, like all investment bankers, and their servants, trying to buy income, and producing wells are the only ones that produce income.

Q. Oh, when you bought this property there was already

5099

[fol. 3606] a definite production and definite wells?

A. Oh, yes.

Q. Did you dig up this acreage from various people?

A. That represents in the year 1930 one hundred different purchases; and in the year 1929, eleven.

Q. In other words it took 111 purchases to make up how many acres?

A. 89,000.

Q. 89,000 acres?

A. Yes.

Q. To whom were the owners of that property selling their gas?

A. In almost all cases to the same people that it is now being sold to.

Q. Either to utilities or pipe lines that supplied utilities?

A. Yes, sir.

Q. Were they getting varying prices for their gas?

A. Yes.

Q. About what was the range of prices, would you say, Mr. Kelley?

A. In utilities where we owned the distribution ourselves, from 25 cents per thousand cubic feet at Madison, West Virginia, to 60 cents in Jefferson, Pennsylvania. In wholesale, with the exception of one contract, from 10 cents in southern West Virginia in some instances to 27-1/2 cents in southern Pennsylvania.

Q. You spoke of some company there or some place you were getting 25 cents in West Virginia and 60 over in Pennsylvania. What was the point to that?

A. The point is that these cities are regulated by public service commissions and those were the rates they fixed.

Q. Are you sure it is the rate they fixed or the rates that the utilities fixed?

A. We inherited them. I suppose they were fixed by public service commissions.

5100

[fol. 3607] Q. You suppose so. Do you know?

A. Positively, in West Virginia, yes.

Q. I am talking about the 60 cents in Pennsylvania as you may well judge.

A. I think I could ascertain that. I am sure that Pennsylvania does not permit the sale of domestic gas without the approval of the Public Service Commission.

Q. What was the income from those wells on that acreage?

A. Roughly 2,900,000.

Q. 2,900,000?

A. Annually.

Q. Annually?

Commissioner Geiger: I did not get that last statement.

The Witness: 2,900,000 annually.

Q. Is that net or gross?

A. Gross.

Q. What did you pay for the property?

A. $7,700,000.00.

Q. Do you think you made a pretty good purchase?

A. Yes.

Q. If I understand you you were working, have been working, for investment bankers who make purchases based upon production, upon income?

A. Yes.

Q. Production is not enough; income is important.

A. Income pays the stockholders.

Q. You and I have about the same idea about that. Now, there was another big purchase there of 14,000 acres or 140,000 acres.

A. I don't quite understand you.

Mr. Turner: I think you have the figures for two years.

Mr. Butler: Oh, very possibly I have.

Mr. Turner: He gave them separately for each year.

Mr. Butler: I am wholly unable to read my writing, and

5101

[fol. 3608] I see that 1,895,000 added to the 5,238,000 makes the total.

The Witness: Yes.

Q. Now, you did not purchase this 296 acres for the Twin Cities, did you, based upon income?

A. That section of West Virginia is underlain with an extremely thick belt of shale, which, in my opinion, is the finest gas territory in the east. The possibilities of this tract which immediately adjoined other properties already owned by Twin Cities, and the fact that there was on that property, as I remember, a well—it was a very large shallow well on that tract—which in our opinion well merited drilling down, and the income from the property at that time justified the price.

Q. Oh, it did?

A. Yes.

Q. The production of the well justified the price?

A. It did.

Q. From whom did you buy that?

A. Frank H. Yates.

Q. Who was he?

A. He is a resident of Ashland, Kentucky, who has been an oil and gas operator, I am informed, for more than 20 years, certainly more than three.

Q. In thinking it over, did you purchase his contracts of sale?

A. Oh, yes, we always do that.

Q. To whom was he selling?

A. United Fuel Gas Company.

Q. Oh, direct to the United Fuel Gas?

A. Yes.

Q. What was he getting?

A. 12 cents per thousand cubic feet.

Q. Only 12 cents?

A. That is the field price down there.

Commissioner Geiger: 12 cents at the mouth of the well?

Q. That was 1930?

A. 1930.

5102

[fol. 3609] Q. In whose name was that property bought?

A. The purchase contract was entered into between Mr. Yates and the Jerbian Corporation on its standard purchase form, permitting it to assign or nominate the eventual owner of the property, and the transfer of ownership was made directly from Mr. Yates, not to Jerbian, but to Twin Cities Natural Gas Company.

Q. The Twin Cities having been organized by the bankers to operate with Jerbian?

A. No, not to operate with Jerbian; to operate after Jerbian. Jerbian steps out of the picture on the day of purchase. It has no further interest whatsoever in the purchase of the property.

Q. Who were your abstractors down there?

A. Koontz, Hurlbutt and Revercomb.

Commissioner Geiger: Where did they operate?

The Witness: In Charleston, West Virginia.

Commissioner Geiger: Are they a group of abstractors or are they lawyers?

The Witness: They are lawyers.

Q. Is Mr. Hurlbutt of that firm the Hurlbutt who is interested in these companies?

A. I am not aware that he has any interest in these companies.

Q. Did you ever work with him?

A. Mr. Hurlbutt spends most of his time in New York in connection with the Appalachian Company, which is a B. W. Chapman interest. He did no work on these companies.

Q. His firm did?

A. No.

Mr. Turner: It is Alfred, Mr. Butler.

Mr. Butler: It is in the United transcript somewhere.

Q. Who paid him that money?

A. The Jerbian Corporation.

5103

[fol. 3610] Q. Well, were you the treasurer?

A. No, I am no officer or director of the Jerbian Corporation.

Q. I suppose you get this from the books of the company?

A. I beg your pardon. Got what?

Q. This $98,000.00?

A. I took it from the records in Koontz, Hurlbutt and Revercomb's office.

Q. They did a very considerable amount of other work for these corporations, didn't they?

Commissioner Geiger: A little louder, please, Mr. Butler.

Q. I say they did a very considerable amount of work for these other corporations?

A. Which other corporations?

Q. For these various corporations?

—. The Diggs companies?

Q. Yes.

A. No, the general counsel of these companies were Chapman & Cutler, who did all of the work of organizing and running the legal end.

Q. Where is Chapman & Cutler's office?

A. In Chicago and New York.

Q. They have local representatives?

A. Precisely, and these people were local representatives.

Q. Yes.

A. But all of these figures here are directly applicable to the cost of ascertaining the validity of——

Q. Will you be good enough to tell the Commission the amount of money they otherwise drew from these companies?

A. I am not aware of the exact amount, but I think approximately $66,000.00.

Q. Now, you spoke of two outside purchases?

A. Yes, sir.

5104

[fol. 3611] Q. And what two are they? Give me the first one.

A. The first one was the purchase of the Harshbarger Oil & Gas Company, Milton, West Virginia.

Q. Is that an oil and gas company?

A. That is the title of it. As far as I know, it has no oil business.

Q. By the way, this 89,000 acres that you have heretofore spoken about, there were no oil lands in that?

A. Only such as where a well produced both oil and gas. I think we had a production of 87 barrels of oil a day.

Q. It had as nearly as you could have a pure gas development? That was it?

A. Absolutely.

Q. Now, where was Harshbarger's property?

A. In and around Milton, between Milton and Hurricane.

Q. Where is that in West Virginia?

A. Between Charleston and Huntington on the Chesapeake & Ohio.

Q. How many acres have they?

A. Something in excess of 3,000 acres.

Q. Was that a developed property?

A. We had, as I remember it, 33 wells on it.

Q. Was it a property that was fairly contiguous?

A. Yes.

Q. It was what you might call a fairly unified property?

A. Yes.

Q. Did you make any examination of that?

A. Personally, no.

Q. The information you got was from the deeds?

A. No, from an engineer in my employ and from the consulting geologist for the Company.

Q. Oh, the purchase price then was—and I have no

5105

[fol. 3612] criticism, so that we get the truth—hearsay from this gentleman.

A. I do not think counsellor, it could be considered as hearsay when these people are paid and on the payroll of the company.

Q. On whose payroll?

A. Mine. In other words, if I pay a man to go out and examine a property for me and I know him and he has worked for me a long time. I don't take this report as hearsay.

Q. Now, let me go back. You said you had nothing to do with the examination of that property?

A. I said I personally did not examine the property.

Q. Oh, I did not catch the word "personally." But your office did?

A. Yes.

Q. And whom did you represent in that?

A. Jerbian Corporation.

Q. Oh, that was another Jerbian matter?

A. Yes, sir.

Q. In what year was that?

A. May, 1930.

Q. And how many wells?

A. As I remember, 33.

Q. And you had the same bankers, Diggs?

A. Yes.

Q. And you bought it on a production income basis?

A. That was one of many factors entering into it.

Q. Give me the other 13.

A. The two factors that caused us not to buy it, were the fact that the casing had been pulled in the wells, and that the price was too high. The other factors that would ordinarily be considered would be the relation, that is to say, the location, of the property in regard to its market, what the market was, the future of the market, the sands, the amount of repletion of the sands, the condition of the wells, and their age, and whether there were any additional

5106

[fol. 3613] sands that might be tapped by deeper drilling.

Q. What has the age of the well to do with its value?

A. Just about the same as the value of a dwelling house. If the well is depleted too much you don't pay so much for it.

Q. And what was it you offered, or your people offered for the 3000 acres?

A. $225,000.00.

Q. Did the production and income justify that offer?

A. As I remember it.

Q. Well, don't you have the figures there?

A. No, these are only properties that actually were purchased. Properties that were considered and not purchased I have no figures for.

Q. Anyway your best recollection is that the offer which you made was upon a production income basis, and you would have been justified in paying it?

A. Yes, sir.

Q. To whom was Harshbarger Oil Company selling?

A. They sold to United Fuel Company and I think to Hamilton Gas Corporation, I don't remember that exactly.

Q. What is the Hamilton Gas Corporation?

A. It is an independent Delaware Corporation which operated in West Virginia and Kentucky.

Q. Is it a utility?

A. I don't believe so. It sells gas to Inland Gas Corporation, United Fuel, Hope and others.

Q. Then it is like the others; it either sells to utilities or pipe line companies that supply utilities.

A. That is my understanding.

Q. I see. Now, what was the other, the second company that you mentioned, or the second sale there?

A. The Mid-Penn Gas Company.

Q. How is that?

A. The Mid-Penn.

5107

[fol. 3614] Q. The Mid-Penn?

A. Near Weston, West Virginia.

Q. And locate that as you did before with reference to say two principal cities. It gives us the picture.

A. It is on the highway from Clarksburg to Charleston. I would not know. Possibly 40 miles south of Clarksburg.

Q. Where is Clarksburg with reference to Charleston?

A. Charleston is 160 miles by road south of Clarksburg. Clarksburg is on the Baltimore & Ohio main line from Cincinnati to New York.

Q. How many acres of that?

A. As I remember there were between 2000 and 2200.

Q. Count it 2100 for good measure. How many gas wells there?

A. I think there were 24.

Q. Now, again, you personally did not examine into them but your office did?

A. Yes.

Q. For Jerbian?

A. Yes.

Q. With Diggs as the banker?

A. Yes.

Q. Did the production and income justify the offer that you made?

A. That is my recollection, yes.

Q. On an investment basis?

A. Yes.

Q. To whom was the Mid-Penn Gas Company selling this production?

A. I don't remember. Either to C. & A. or to Rope—Cumberland & Allegheny.

Q. There are so many of these names I get confused. What is the Cumberland & Allegheny?

A. My recollection is it is Columbia system.

Q. Part of the Columbia system?

A. Yes.

Q. Is it a distributing company?

A. I am not prepared to say. I don't know.

5108

[fol. 3615] Q. Well, again I think you and I may agree that it is sold either to distributing companies or pipe lines that sell to distributing companies?

A. Yes, I think so.

Q. What year did you make that offer?

A. In October, 1930.

Q. Is there any difference between the price paid for gas at the wells in the western part of that state and the price paid elsewhere in the state?

A. In the western part of the state—the range in prices is rather north and south.

Q. What about the Charleston field?

A. Oh, I beg your pardon.

Q. No, I was wrong. I was in error.

A. My recollection is the price down there was around 14 cents, and if so, it was sold to Hope.

Q. Harshbarger Oil Company—what was it?

A. That was probably a 14 cent rate.

Mr. Butler: If Your Honors please, I have done the very best I can. It has not been easy to follow all of this. But with Mr. Kelley's kindness, we managed to get along. And I think if I have a few more questions, I shall be obliged to reserve them for morning. I can't think it all out.

Mr. Turner: I was hoping we could let him go tonight. He is an out-of-town witness.

Mr. Butler: I know, Mr. Turner. We know the exigencies of this. I did not even take time to consult my maps or any of the data that I might have used. I am not prepared to say that I shall want to ask Mr. Kelley many questions. You know a lawyer. He usually asks a few more questions.

Commissioner Geiger: Do the parties desire to adjourn at

5109

[fol. 3616] this time?

Mr. Butler: I should be glad if you would.

Commissioner Geiger: It is a great hardship upon you to retain this gentleman? It costs you money, of course.

Mr. Turner: That is the hardship. We are still in the red.

Mr. Butler: I think not a very long time, however, tomorrow morning.

Mr. Turner: You might as well go all day with him.

Mr. Butler: I quite understand that. I am sorry. I made the best effort I could.

Mr. Turner: I thought you had about exhausted him.

Mr. Butler: Possibly so, I cannot tell. I could not stop to consult my colleagues.

5110

[fol. 3617] Cross-examined by Mr. Butler:

Mr. Butler: I had thought I would have the transcript of Mr. Kelley's testimony this morning so that I could check to see whether I had omitted anything. I did not get that. There was some miscarriage between us. Going over my notes as best I could, I have not found that I omitted anything that I wanted to ask. There was probably one question I had in mind, I don't think I put it yesterday.

Q. You spoke of these various prices at which these gases were sold, Mr. Kelley, yesterday. Were those all straight contracts, or were they on a sliding scale, at least some of them?

A. You mean for the sale of the gas from——

Q. Yes.

A. The only sliding scale contract was one in Lincoln County, West Virginia.

5111

[fol. 3618] Q. What sort of a sliding scale?

A. That, as I recall, was a contract made with the South Penn Oil Company by which, over a period of years, the price increased from 12 to 16½ cents per thousand cubic feet.

Q. As far as you now recall, in all of those contracts, there were no other sliding scale contracts?

A. I do not recall any.

Mr. Butler: I think that is all then at this time, Mr. Turner.

Redirect examination.

By Mr. Turner:

Q. Mr. Kelley, Mr. Butler asked you about selling in the regulated and unregulated markets. How much or what percentage of the gas was sold in the unregulated market?

A. About 83 per cent. If anything, slightly in excess of that figure.

Q. Mr. Kelley, you were asked about Number 1 acreage by Mr. Butler. I want to ask you whether you would have bought Number 1 acreage by itself?

A. No.

Q. I understood you in giving the price per acre that you paid, you took out the value of the wells?

A. The cost of gas well construction, yes.

Mr. Turner: That is all.

5112

[fol. 3619] Recross-examination.

By Mr. Butler:

Q. What do you mean by unregulated sales?

A. Sales not under the jurisdiction of the Pennsylvania or West Virginia corporation commission; that is to say, sales to domestic consumers.

Q. What do you mean by domestic customers?

A. Such as, for example, selling gas to you in your private dwelling house.

Q. Is that what you mean when you are talking about 83 per cent?

A. I said 83 per cent was not regulated.

Q. Well, do you think that is a fair answer about selling in a private dwelling house; does that bear any comparison with the facts in this 83 per cent?

A. I do not understand the question.

Q. How much of the 83 per cent was sold to companies that did sell to utilities?

A. I do not know.

Q. Well, give us an idea.

A. No one could know that, Mr. Butler.

Q. You mean to say you haven't any idea?

A. Certainly not. We sold to perhaps 14 companies. I don't know how many of those sell domestically nor what part of what they buy is sold domestically.

Q. Well, you told me yesterday that you either sold to regulated companies or to companies that sold to regulated companies.

A. Very true.

Mr. Butler: Very well, we will leave it at that.

Mr. Turner: That is all.

5113

[fol. 3620] Commissioner Geiger: Just a moment, Mr. Kelley. You have testified the amount you paid for the various classification- of gas property, 1, 2, 3 and 4. From — did you buy those, not the individual, but from someone who had collected leases from the owners of the land?

The Witness: No, sir, we bought them from 100 different owners, some cases——

Commissioner Geiger: That may be true, but the owners of the fee of the land?

The Witness: No, in no case.

Commissioner Geiger: Someone else had prior to your acquisition of that property acquired the leases from the owners of the land?

The Witness: If I may make it clear, what we purchase in almost every case was producing properties, that is to say, in which there were already wells in operation and from which there was income. We bought either from in-

dividuals or syndicates or corporations that had acquired directly or indirectly from the farmer, from the fee owner, and had developed these properties and then, having proved the existence of gas and the existence of income therefrom, we purchased those properties.

Commissioner Geiger: You purchased the lease rights of the property, not the property itself?

The Witness: We didn't purchase the fee; no, sir, we purchased all the right, title and interest of the operating company predecessor in title to us.

Commissioner Geiger: Now, have you means of knowing how much those who bought directly from the owner of 5114 [fol. 3621] the fee paid for their right, for their leaseholds?

The Witness: No, sir.

Commissioner Geiger: You made no such inquiry as to what the original price to the farmer was?

The Witness: No, because some of them might have been purchased 30 years ago, some of them might have passed through six or seven hands.

Commissioner Geiger: What you purchased was a producing property?

The Witness: Yes, sir.

Commissioner Geiger: And you based your price on the amount of gas that was either developed by existing wells or which you estimated could be developed by the character of the land you purchased?

The Witness: That was one of many factors.

Commissioner Geiger: Well, I believe you were asked yesterday whether or not you purchased it as a revenue producing property and your purchase price based upon the revenue that was produced?

The Witness: Unless the revenue were sufficient compared with the purchase price, we could not, of course, buy it; but if the revenue were sufficient and the purchase price satisfactory, there might be several other factors that would prevent our purchasing the property.

Commissioner Geiger: Yes, I know that. Now, as to one of those factors, were the lands grouped in units of a considerable number of acreage?

The Witness: Well, as far as the individual purchases went, the lands ranged in size from possibly 30 acres to I 5115
[fol. 3622] think the largest purchase was about 6,000.

Commissioner Geiger: That is, you made a purchase as low as 30 acres?

The Witness: If it immediately adjoined other properties that we could buy several properties in the same pool that could be operated with the same field men at a reduction of expense over the expenses of the preceding owners, yes.

Commissioner Geiger: Yes, but you were required, before you made the purchase at the price you have suggested, that the land was in a gas producing pool?

The Witness: Yes, sir.

Commissioner Geiger: You didn't buy any what might be designated wildcat land?

The Witness: We purchased no lands which in my opinion and those of the company's geologists could strictly be classed as wildcat. We did purchase, to support our property, as any going concern must do, lands which are here in this case classified as 2 and 3, in order as the class 1, the producing lands became depleted, we could move over on the class 2 and 3 lands and develop those.

Commissioner Geiger: Yes. But in order to justify a purchase, you started with Class 1?

The Witness: Yes.

Commissioner Geiger: You didn't purchase any class 2 or class 3 or class 4 without having first purchased class 1?

The Witness: The purchases were made simultaneously.

Commissioner Geiger: Well, put it the way that I have stated, you didn't purchase any 2, 3 and 4 unless you at 5116
[fol. 3623] the same time or prior thereto had purchased Number 1.

The Witness: Well, may I explain to the Commission the manner in which these were purchased?

Commissioner Geiger: Well, I think if you haven't already done so.

The Witness: I mean to say we did not purchase properties piece-meal. I had orders from my clients to purchase a group of properties and looking over the field we selected in Classes 1, 2 and 3, let us say, a parcel of thirty

properties, that is, from thirty different owners, and on the same day then we purchased all of these properties, the transfer of title was made on the same day so that the company the next midnight became an operating company with the income from Class 1, and the supporting properties of Classes 2 and 3.

Commissioner Geiger: Yes. Now, approximately how near were these lands that you purchased to the point of delivery and consumption? You were supplying the territory in and adjacent to Charleston and Huntington, West Virginia?

The Witness: Yes, sir, and also adjacent to Waynesburg, Pennsylvania and Clarksburg and Fairmont, West Virginia.

Commissioner Geiger: These same territories that are served by the United Gas Company?

The Witness: United Fuel Gas Company operates in the territory in which our southeastern and Twin States had properties. Other units of the Columbia System I am informed operate in the northern part where our Midland Natural Gas had properties.

Commissioner Geiger: Now, as I understand, you stated

5117

[fol. 3624] that you did purchase gas produced on lands not owned by you, in addition to the leaseholds?

The Witness: No, if I said that, I was in error. I don't recall that we ever purchased any gas——

Commissioner Geiger: Well, possibly I am mistaken about that. But you testified that you purchased and paid 12 cents a thousand and 14 a thousand——.

Mr. Turner: Sold it.

Commissioner Geiger: Sold it?

The Witness: We sold it at that price, yes.

Commissioner Geiger: And you sold that to public utilities and to private consumers?

The Witness: In most cases we sold to the gas company that was taking the gas from our predecessor in title, we inherited the gas sales contract as well as the properties.

Commissioner Geiger: So that the price was not changed or altered after you made the purchase?

The Witness: Well, in very few cases was there any alteration. Occasionally, when a contract expired by ter-

mination, we would make a new contract. Sometimes we got a better price, sometimes we got the same price.

Commissioner Geiger: But in the major portion of cases, you usually took over the contract and furnished gas at a rate that had been established before you made the purchase?

The Witness: Yes.

Commissioner Geiger: Now, I didn't quite follow who you represented; you represented a group of bankers?

The Witness: Yes.

Commissioner Geiger: Now, did the bankers continue to

5118

[fol. 3625] operate those properties or did they sell them out?

The Witness: At first they owned the equity shares, thus giving them control. The companies were publicly financed and a management corporation was organized to operate them. Subsequently, the equity control was sold to other banking houses which at present own them, and the management is now in the hands of two management corporations.

Commissioner Geiger: And what management corporations are they?

The Witness: One is the management corporation owned by the North American Gas & Electric and the other is a corporation organized by the debenture holders of one of these companies, and known as Midland Management Corporation.

Commissioner Geiger: Now, who owns Midland Management Corporation?

The Witness: It is owned by the stockholders of Midland Natural Gas Company.

Commissioner Geiger: And who owns Midland Natural Gas Company?

The Witness: That would be difficult to say. The stockholders.

Commissioner Geiger: Well, what I wish to get at is whether or not ultimately the ownership, through either directly or through a series of companies, is owned and controlled by such companies, as an example, as the Columbia Gas & Electric or the North American?

The Witness: No. I can positively state that Columbia Gas & Electric has not and never did have any connection

with these companies except as a gas purchaser at arms

5119

[fol. 3626] length. The North American Gas & Electric, which now owns Southeastern Gas Company, is not the North American Company of Philadelphia, but a company operating in Chicago and from there to Spokane, Washington.

Commissioner Geiger: One of the Insull companies?

The Witness: No, it was owned by A. C. Allyn, Albert E. Manuel & Company and I think Taylor York.

Commissioner Geiger: Your banking group that you speak of as being the purchaser through you, how did they handle it, did they operate it or did they sell the stock and bonds based upon their properties?

The Witness: The original purchase price was supplied by the banking house, the consideration, and thereafter debentures and Class A shares were sold to the public based on the then existing revenues.

Commissioner Geiger: That is the way that banking company got its money back.

The Witness: Yes.

Commissioner Geiger: With a proper profit, of course. But who owns them now, does the banking company own them now?

The Witness: The banking house identified with the organization of these companies does not; it is not in existence. It is my understanding that Yates from the Southeastern Gas Company, which, as I have said, is now controlled by North American Gas & Electric, that a large portion of the equity stock of Twin States Natural Gas Company and Midland Natural Gas Company is owned by the American Foundried group, the Hibernia Trust Company and I believe the Continental and Commercial Bank in Chicago.

5120

[fol. 3627] Commissioner Geiger: As I understand it, the organization which made the purchase or which now holds the land by subsequent purchase sells gas that is produced on this land at 12 or 14 cents a thousand cubic feet.

The Witness: In Southern West Virginia. In Northern West Virginia and Southern Pennsylvana up to 27½ cents.

Commissioner Geiger: What is the cause of the difference between 14 cents in West Virginia and 27 cents in Pennsylvania.

The Witness: I am not fully informed as to that. I should think that one of the contributing factors would be the proximity of the large Pittsburgh market.

Commissioner Geiger: Where is this gas sold at that rate, 12 and 14 cents, at the point of production or some distance away from the point of production.

The Witness: Except in our domestic system we owned no pipe lines at all except on the farm on the lease where the gas was produced, in every case, with one exception, the gas purchasing company came to the lease line or the farm line, at which point the gas was metered and sold. In the case of Godfrey L. Cabot, Incorporated, they came to our wells, and we did not ever have the lines on the leases.

Commissioner Geiger: Now, in estimating the value of gas producing land, I assume that you took into consideration the nature and number of wells that had been drilled in order to get your information as to its value?

The Witness: Yes, sir.

Commissioner Geiger: And could you tell us what you considered profitable life of a well that was producing, how

5121

[fol. 3628] soon did you estimate a well would be exhausted or practically exhausted?

The Witness: Well, the State of West Virginia has kept very careful records of the drilling, of the logs and the production of wells drilled within the borders of the State. Gas is a well known and very settled business in West Virginia. And as our consulting geologist, one of their partners had been for nine years acting state geologist and had written a great many of the county reports, we had access, in addition to the public stated reports, of information from the State Department of Mines and the State Geological Survey. With that information, in addition to that in the possession of the predecessor in title, in reference also to the depletion and the rock pressure and the open flow of the wells as compared with their initial rock pressure and open flow, it was easy—well, I won't say easy, it was feasible with Boyles law to calculate a conservative life estimate in the future.

Commissioner Geiger: Well, now what did you arrive at as a conservative estimate of the life of a gas well after it had been first drilled to the time it was substantially exhausted.

The Witness: If the Commissioner will tell me what sand and what county and the thickness of the sand, I would be able to answer that better. It varies in every pool. For example, there may be five sands in one well. The salt sand produced relatively rapidly and not very long. Speechley sand, on the other hand, which is a deep sand, produces for a great length of time, not a very large volume. So

5122

[fol. 3629] sands have their varying characteristics.

Commissioner Geiger: When you made these purchases, in what sand were the wells drilled, in the short line high pressure sands or the lower productive but longer life sands?

The Witness: It was not our practice to buy in the soft sand or the Maxom sand, as those did not enable our geologists to estimate a long enough life and it didn't seem to us to be good business to buy that. We preferred to buy particularly shale if we could, or Big Injun or Berea, which are very long life sands, and in Pennsylvania, Gordon, Fifth and Speechley.

Commissioner Geiger: Those go down in West Virginia, do they?

The Witness: They don't because as you go deeper—I beg your pardon, as you go north, the formations become more and more deepy buried and the Gordon, Fifth and Speechley sands, which are found in Pennsylvania, are much more practical to drill than the Big Injun would be, for example.

Commissioner Geiger: Now, assuming that there was a well in the first sand, could that well be drilled deeper into the other sands after the first sand is exhausted?

The Witness: Very frequently is, but I would give no weight to that in purchasing a property. In other words, if the new owner is to spend his money and take his risk in deepening that well, the predecessor in title is not entitled to discount the future profit, he is only entitled to sell that which he actually has.

Commissioner Geiger: You have no map here to show us where your purchases were in relation to the United
5123
[fol. 3630] Fuel Gas Company?

The Witness: No, sir, I have not.

Mr. Turner: Many of the same counties, were they not?

The Witness: Yes.

Commissioner Geiger: Assuming that you paid a hundred dollars an acre for Class 1 producing land, what depletion would you count on per year?

The Witness: Well, that also depends on the thickness of the sand, on the line pressure and on the rock pressure. In other words, if the line pressures were very low, as for example in Southern West Virginia where in some cases Libby-Owens actually have no pressure at all, but have a vacuum on their lines, more gas would be drawn from the well per year, but less gas would be ultimately produced, whereas if you hold a reasonably high line pressure against the well, it has been found in practice that more gas is produced over the life of the well, though not so much per year.

Commissioner Geiger: Have you any way to compare the land that you purchased and paid a hundred dollars an acre, to which you have testified, with the lands owned and operated by the United Fuel Gas Company?

Mr. Turner: You assume the facts, or did you refer to facts that he testified to?

(Question read.)

The Witness: I would assume that the first comers in the fields with the financial resources of the United Fuel Gas Company, would be in position to secure the best lands, so that it would seem to me, except where the accident of drilling and finding a remarkably good field, that if I owned
5124
[fol. 3631] a piece of land on this side of the fence and the United Fuel has owned it on the other side for five years, probably they have, in the vernacular, the cream of the field. They were there first, they had the best opportunity, they have large engineering and geological departments always on the job for that purpose.

Commissioner Geiger: Well then, as I understand it, you bought your land which you acquired after the United

Fuel Company had made their purchases of leaseholds?

The Witness: Well, I should think that any company of the size of the United Fuel would be constantly purchasing properties to replace their depletion.

Commissioner Geiger: Did they ever purchase any from you?

The Witness: No, whenever — sold any properties to anyone, because it was the desire of the banking house to build up a strong, independent gas company, as much as the Appalachian Gas Company, which is a large independent in that same territory.

Commissioner Geiger: Have you pipe lines into Pittsburgh and Philadelphia?

The Witness: We have no pipe lines of any kind.

Commissioner Geiger: That is true, you testified to that. You simply delivered to those who had pipe lines?

The Witness: Yes.

Commissioner Geiger: Do you know whether or not to any company which transports its gas through pipe lines to either Pittsburgh or Philadelphia?

The Witness: It is my understanding that almost all of the gas of Hope Natural Gas Company goes, with the ex-

5125

[fol. 3632] ception of gas sold in West Virginia, such as in Parkersburg, to Pittsburgh and the immediate surrounding area, and I am further informed that gas sold to the United Fuel Gas Company in Southern West Virginia crosses the Ohio River into Ohio.

Commissioner Geiger: Now, assuming that you sell your gas from 12 to 14 cents at the producing field, do you know what the company that purchased it from you at that price sells it to their ultimate consumer?

The Witness: I have no information.

Commissioner Geiger: Just one more question. Could you tell us, not in detail, but generally, whether the purchase of the land at the price you have named and the sale of the gas at the price that you have named produced a satisfactory profit to the bankers group who first bought it?

The Witness: Yes.

Commissioner Geiger: You don't know what per cent of profit?

The Witness: I do not have the figures before me, but I should think that in excess of 8 per cent.

Commissioner Geiger: That is taking into consideration depletion?

The Witness: Oh, yes.

Commissioner Geiger: Amortization and everything of that sort? All right.

By Mr. Butler:

Q. Whom did the bankers, the Diggs, send out to get the options, who did that work?

A. No one. Options were offered to the bankers by many different people.

Q. Never sent anybody out. Well, who had charge of 5126 [fol. 3633] collecting the options, what individual did that, you?

A. That is a question that is difficult to answer. If the offers were directed to E. R. Diggs & Company of New York, they were looked over there; such as they thought were interesting, were worthy of examination, were sent to me in Charleston.

Q. Suppose they weren't offered to Diggs in New York, were they offered to you in Charleston?

A. In that case they were mailed to New York to be looked over and such as they thought might be interesting sent back to me.

Q. In other words, if they came to you, you sent them to be looked over; if they went to New York, they looked them over, and if they thought well of them, it was sent to you?

A. In other words, it was their money and their selection.

Q. Well, that is a smart answer, but hardly just what I asked you.

Mr. Turner: I don't think that is justified.

Mr. Butler: I do.

The Witness: I beg the counsel's pardon.

Q. All right, we will go ahead. Now, who issued these debentures that you were talking about?

A. The various companies owning the properties.

Q. You say they were all publicly financed. What did you mean by that?

A. That is, that public offerings were made of the securities of these various companies in recognized periodicals such as the New York Times. They were passed on and approved by the Blue Sky Authorities of this state and 36 others and they were listed on the Chicago Stock Exchange.

Q. You have some of the literature that went with those offerings?

A. No.

5127

[fol. 3634] Q. Couldn't you get us some?

A. I think it possible.

Q. Get some for us.

A. How long will counsel give me to get that?

Mr. Turner: We object to injecting such things as that in the case. Anything to throw dust here and get away from the matter. There hasn't been any cross-examination of the witness. Going off on what Diggs done. Now, they want the literature of Diggs. How is that going to cross-examine on the matter that this man paid so much for leases?

Mr. Butler: Isn't it pathetic that the gentleman can't see that his witness was destroyed with the cross-examination?

Mr. Turner: If he was, why, it is peculiar cross-examination, just dust.

Commissioner Geiger: As I understand, there were two sources of profit from the banking group, one in selling the debentures in public, they would have a little margin of profit there, and another source of profit would be in their operation.

The Witness: No, because the profit from operation goes to the stockholders, irrespective of who the stockholders might be. The bankers as such got no profit from operations.

Commissioner Geiger: The bankers got theirs by refinancing the enterprise, by selling their bonds and debentures to the public in general.

The Witness: That was my understanding.

Commissioner Geiger: And after that, they were not interested in the operation of the company except so far as they then represented the stockholders.

5128

[fol. 3635] The Witness: And such shares as they might themselves own.

Commissioner Geiger: They sold enough bonds to replenish the money that they had spent for the gas leases and had in addition to that some common stock.

The Witness: The amount of debentures sold did not quite total the purchase price.

Commissioner Geiger: Of course, the debentures plus the common stock would more than purchase it with a profit to the bankers?

The Witness: The common stock, I have no figures as to what price that might have been sold to other bankers.

Commissioner Geiger: Was that what paid the 8 per cent dividend?

The Witness: No, the debentures paid 6, the Class A shares paid 6, and approximately 8 per cent was left for the equity shares.

Commissioner Geiger: Well, did the debentures plus Class A produce enough revenue to pay back the bankers what they had expended for the properties?

The Witness: Yes.

Commissioner Geiger: And left a little margin there?

The Witness: Yes.

Commissioner Geiger: Debentures plus Class A. Then they had Class B stock; that is what is commonly known as velvet?

The Witness: I am not prepared to answer that question. I was not a member of the banking house.

Commissioner Geiger: All right.

By Mr. Butler:

Q. As I understand, the bankers took over the options 5129

[fol. 3636] and they organized the Jervian Company merely as a holding company, not as an operating company?

A. I do not think, counsel, that it was either a holding or an operating company. Its function was transitory.

Q. Well, that is a new class that you are creating. What do you mean by that?

A. Once more, I am forced to beg counsel's pardon. My understanding of a holding company is a parent company owning many subsidiaries which may or may not be publicly financed.

Q. And of course, holding it meant for holding the leases, the real estate?

A. Well, Jervian actually never took title to any property. It entered into gas purchase and property purchase contracts, assigned those to its nominee and not to the Jervian Corporation. That is a very customary practice in investment bankers.

Q. Well, Jervian then was just controlled by the bankers for the purpose of entering into those contracts and passing them on to the other subsidiaries?

A. For the purpose of aranging for and forming new corporations.

Q. That is what you mean by its being transitory?

A. Its functions were transitory.

Q. And when it let go of all of these contracts, either passing title on or designated someone to whom they could be transferred, why, Jervian had nothing?

A. No, then it went on and did something else, whatever its owners might ask it to do.

Q. Oh, it was just a kind of function of the bankers, wasn't it?

A. Inasmuch as it was owned by the bankers, I suppose,

5130

[fol. 3637] yes.

Commissioner Geiger: Do you know generally the character of the leasehold contract? What I mean is, what did the land owner get out of the procedure?

The Witness: Those are very standardized in West Virginia. In most cases, he got one-eighth of the gross product produced in sale.

Commissioner Geiger: That is about the same as the oil well.

The Witness: Yes. In some cases he got one and one-half cents per thousand cubic feet. In some cases, particularly Eastern Kentucky where there are more antiquated systems, he got from 200 to 300 dollars per well per year.

Commissioner Geiger: Irrespective of the size of the well.

By Mr. Butler:

Q. These 89,000 acres you say you bought from about a hundred people?

A. Yes.

Q. Did you pay the same price to all the people?

A. In no two cases. There were no two cases where properties were identical.

Q. What was the lowest price per acre and what was the highest price per acre?

A. I am not prepared to answer that. I haven't any figures with me.

Q. Can't you get them for us?

A. It would take some time.

Q. I would like to see you analyze those under purchases and I would like to know the conditions of the property, Mr. Kelley, of each property, and what you paid for it. You seem to have all the information?

5131

[fol. 3638] A. Do you wish of all of these properties?

Q. Yes, sir. You have come here saying you paid a certain amount of 89,000 acres and you bought it from a hundred people. Now, let us know what the contract was with each one. I think you can get that for us.

A. Yes.

Mr. Butler: All right.

Commissioner Geiger: You have testified generally that you paid for Class A property $100.00 per acre; isn't that correct?

The Witness: The general average.

Commissioner Geiger: That is the general average. Now, did you pay more than a hundred dollars an acre for some of it?

The Witness: Yes.

Commissioner Geiger: And less than a hundred dollars an acre for other?

The Witness: Yes.

Commissioner Geiger: Although it was generally the same class of property.

The Witness: No, it was not the same class of property, unfortunately. If it was, business of buying gas properties would be much simpler.

Q. You pay according to the productivity of the land as you are able to estimate it?

The Witness: To the productivity, to its access to market, to its assurance of future market, to the thickness and

the present reserve in the sand and the depletion, the possibility of deeper sands, many other factors.

Q. When we get your report of individual purchases

5132

[fol. 3639] and the conditions of each purchase, then we can determine with some accuracy what you did pay for the different kinds of lands. For example, when you bought Number 1 acreage with wells on it, you don't mean to say that you paid a hundred dollars an acre?

A. I do not understand counsel's question.

Q. Well, supposing among these 100 purchases was Smith with an acreage that had wells on it, do you mean to say that you paid him a hundred dollars an acre?

A. Possibly more, possibly less.

Q. Yes.

A. But the general average was a hundred dollars.

Q. Wells and all?

A. No, subtracting the cost of well construction.

Q. Exactly, subtracting the cost of the well construction. How did you determine the present value of the well construction when you took over the wells?

A. By the history of the well, the type of soil in which it was, whether there was salt water in the well that would cause corrosion, the type and weight of the casing and the tubing in the well, the general appearance of it would indicate whether it had been well kept up or whether it had been neglected by its previous owner, and by such experience that we had had in drilling wells of our own down there.

Q. Who do you mean by "we," these——

A. I beg your pardon; my clients.

Q. Who is Krebs of whom you spoke?

A. The firm was in 1929, until about July, 1930, Clark & Krebs, Incorporated, and now is Charles E. Krebs, Incorporated.

Q. Is that the C. E. Krebs who is a witness for the United

5133

[fol. 3640] in the pending litigation in West Virginia?

A. I have not information.

Q. You know him very well, don't you?

A. Yes.

Q. How did you say, you were associated with one of his partners for a while, how is that? I didn't follow it.

A. No, I said that the Krebs firm acted as consulting geologist for my clients and that at various times I was in the field with one or another of their partners. Possibly to clarify it to you I may say there are four brothers by the name.

Q. And you had access not only to published reports, but to their private investigations?

A. To such private investigations as they made which did not conflict with their obligations to other clients.

Mr. Butler: Oh, yes, I suppose they did not give away their secrets. That is all at this time.

Mr. Turner: That is all.

Commissioner Geiger: Just a moment. I wanted to ask about the payment for abstracting; you paid, for the lands you purchased, $98,000.00?

The Witness: I think that was the figure, sir.

Commissioner Geiger: For abstracting. That was paid to whom?

The Witness: Messrs. Koontz, Hurlbutt & Revercomb.

Commissioner Geiger: And that was a law firm?

The Witness: Yes, sir.

Commissioner Geiger: Connected with the bankers group?

The Witness: Well, connected to the extent that they represented the bankers group as far as the acquisition of property and the examination of title was concerned.

5134

[fol. 3641] Commissioner Geiger: Well, now, the title was simply to ascertain whether or not the company that sold to you had a good title to the land. They had a prior abstract, had they not?

The Witness: Possibly so. In many cases, they didn't and if they did, we would still have to check that abstract.

Commissioner Geiger: How did you arrive at $98,000.00 as an abstract fee, by contract, agreement, or by length of time necessary to make the abstract or what?

The Witness: The fees of Koontz, Hurlbutt & Revercomb were approved by our general counsel, Messrs. Chapman and Cutler.

Commissioner Geiger: That was not then by contract, simply they approved it after the bill had been rendered?

The Witness: I have never heard of a contract being

made in advance with people of the standing of Koontz, Hurlbutt & Revercomb. It may be possible to do it, but I never heard of it.

Commissioner Geiger: The contract is not based upon either the number of acres that were examined and the title searched or upon the amount they paid for it.

The Witness: It was in no relation to the purchase price; it was, of course, related to the amount of work which they had to do.

Commissioner Geiger: Of course, as we in small places understand abstracting, the matter is not exceedingly complicated, and to bring an abstract down from a former abstract to the present time is not a particularly difficult matter, any small town lawyer could do it in the county in

5135

[fol. 3642] which he resided.

The Witness: May I say that possibly 75 per cent of the amount paid was paid to lawyers in the county, disbursed by Messrs. Koontz, Hurlbutt & Revercomb. And further, I understand that in your state you have townships and ranges, which make the determination of property lines and titles very much simpler than on the waters of such and such a creek, then try and find the creek in most cases.

Commissioner Geiger: That is on military survey?

The Witness: I beg your pardon?

Commissioner Geiger: West Virginia is in the military survey rather than one township? Well, never mind. All right.

By Mr. Butler:

Q. You say you got this 98,000 going through the books, the attorneys' books?

A. I examined carbon copies of their bills.

Q. You didn't examine the books of the attorneys then?

A. No.

Q. But did they give you the carbon copy?

A. Yes.

Q. It was done in their office?

A. Yes.

Q. And also you found that they had received, in addition to the 98,000, 58,000?

A. I said that some additional sum was paid to them, and that was my recollection, but I am not sure of that amount.

Q. Well, what was your recollection?

A. I think I said yesterday $66,000.00.

Mr. Butler: That is all. You get those reports for me that I am asking for.

Mr. Turner: At whose expense, and what ruling have we

5136

[fol. 3643] as to requiring us to produce them and keep the case open?

Chairman Hopple: There has been no ruling made so far, Mr. Turner.

Mr. Turner: I didn't think so. All right, that is all.

Mr. Butler: Mr. Turner, for some purpose you have produced this witness who has tried to give us this information about the 89,000 acres. Well since you seem to think it is important, we very much want those reports.

Mr. Turner: I produced this witness in rebuttal of Mr. Blundon, who gathered all of this wonderful information from the books of West Virginia as to the cost and whose exhibit is to be put in here at some time. I don't know why it isn't in here now, because it is simple, you have got it before you now, and ought to put it in. We are meeting that testimony, to which we objected. We are showing what a man went out in the field and paid for it. We took one specific piece here that we had Mr. Blundon name and we asked this witness what he paid for it, among other things, and we asked him what he paid for the rest of the land. I don't think that we ought to have been required to produce the evidence. You put this cost in and we are simply meeting it in rebuttal.

Mr. Butler: Well, you did produce him.

Mr. Turner: Why, certainly, and if you would put that exhibit in, we might produce a lot more.

Mr. Butler: And he doesn't know the lowest price he paid and he doesn't know the highest price he paid.

Mr. Turner: He has told you the total price he paid.

5137

[fol. 3644] Mr. Butler: Oh, yes, maybe he has.

Chairman Hopple: Counsel wants a ruling, Judge, on the question of whether the witness shall produce or not a record of purchases and showing the price.

Commissioner Geiger: May I ask him just one more question? You have testified that you bought lands at varying prices, some above a hundred and some below a hundred?

The Witness: Yes, sir.

Commissioner Geiger: For the Class Number 1, but the average was a hundred?

The Witness: Yes, sir.

Commissioner Geiger: Now, that would be remarkable in finding an average of an even hundred dollars where lands are purchased above and below a unit price, and it would be rather remarkable that you could hit an average of $75.00 an acre for the Class Number 2 for $25.00 an acre for Class Number 3, or $4.25 an acre for Class Number 4, unless you paid that price for all of them. In other words, what I mean, averages don't come out in even figures usually.

The Witness: The exact figure is $101.40, as I remember it, but I didn't understand that Mr. Turner in asking me the question wanted is as accurate as that.

Commissioner Geiger: Well, what about that for which you have testified you paid $75.00, is that $76.00?

The Witness: No, my recollection was I paid $72.00, and that did come out that way.

Commissioner Geiger: 72, that came out even 72, and 25 came out 75.

The Witness: As far as I can remember, yes. If the

5138

[fol. 3645] Commission please, in arriving at a figure you have fractions in every one of the hundred purchases, which necessarily you can carry them out to eleven places if you want to, but they are not finite then. So that a figure of $26.00 or $25.10 I submit with all respect is a very little difference.

5139

[fol. 3646] Mr. Butler: You see the real testimony is what they paid to the owner for each particular class, and then we can do our own analyzing.

Commissioner Geiger: Will you state just what you wish again?

Mr. Butler: This is what we desire, if your Honor please. He has brought group testimony as to 89,000 acres. It appears that it was bought from the investment point of view. He tells *su* that they paid so much an acre. Now,

we want the individual purchases. We want to analyze them for ourselves. For example, here may be a piece of land for which they paid $200 an acre and there are wells on it. Well, what is the land worth? What are you going to do about the use of that for determining what was paid for the land when it is developed property?

Now, you cannot take things as opposed to each other as those are and group them together and get a result that is satisfactory or that is just. Let us have the individual purchases, from whom, to whom, and know the price that was paid. If it was vacant in the sense that there were no wells, let us know that, and where it was located, how was it situated, if there were wells on it, what influence would those have?

I do not see how you can go out and buy up property as apparently diverse as this was and throw it together and then bring it *go*-ether and say, "Here we bought 89,000 acres and we paid so much". Let us see what the facts were.

Of course, it is perfectly obvious, and I say that not in any critical spirit at this time, that this is the beginning

5140

[fol. 3647] of mere promotions. Upon direct you would have thought it was the most simple thing there was. It was gathered in and fed out, and the last witness has frankly said it was an investment, pure and simple.

I say to you frankly, that I think the Commission will find that the effect for the company, the effect of his testimony, is destroyed by that fact. But you may not agree with us, and certainly learned counsel for the company will not agree with us. He will claim something from it.

Now, let us have the facts. That is all we want. Let us see those purchases, from whom to whom, how many acres, what character of land, how they were situated and what was paid for each. It will be very, very interesting to see how they go up and down the scale and especially in view of the fact that the witness, an expert, does not seem able to tell us now the lowest price that he paid and the highest price he paid.

Mr. Turner: This testimony was in rebuttal of Mr. Blundon's. It is wonderful how the gentleman can get away with this demanding information all of the time, and they do not put it in their case in chief their data. They were

asked to do it. They have it before them right there for the purpose of examining this witness. And I keep asking for it and we don't get it.

Mr. Huffman: That is not true.

Mr. Turner: What is it? You have there the very data that you were talking about getting out, and any stenographer could have gotten it together several days ago.

Mr. Butler: That is not true, and you know——

5141

[fol. 3648] Mr. Turner: If you have it, it could have been gotten up, physically possible, easily possible. It is foolish to say that if they had such information here it could not have been gotten in in full form. You are claiming something all of the time and side-stepping your own responsibilities.

I do not see where it is material. This man says he paid these prices for 89,000 acres of land. He has taken out the cost of the wells. Now, I submit that we have met this testimony and it doesn't make any difference whether Diggs failed or whether the Jervian Company had anything to do with it. It is a question of what was paid for those leases in West Virginia as meeting this testimony of Mr. Blundon's.

Commissioner Geiger: May I ask Mr. Kelley, whether or not the matter concerning which Mr. Butler makes these requests is available?

The Witness: May I ask the question in what degree of detail it would be required?

Commissioner Geiger: What he would like to have, according to the question, as I understand it, is the breakdown of the many purchases that you made, showing how much land was purchased at any one purchase, what you paid for the land, the character of the land—in fact, any interest that would go to ascertaining possible value or what you paid for it.

The Witness: Would Mr. Butler require maps of each separate purchase?

Mr. Butler: Oh, no, I think that is going too far. You can locate it. I suppose your analysis would show in what county it is, and the deed or the lease or the contract is made from somebody to somebody.

5142

[fol. 3649] The Witness: The Commission will understand that as these properties are now in the hands of third parties, it may not be possible for me to get all of the information which I could if they were still in the hands of the clients. Such information as I can get, I shall, if the Commission so rules, be glad to deliver.

Commissioner Geiger: It would seem to a majority of the Commission that this witness, having been offered as to the amount paid by these principals for various acreages in West Virginia, it is proper matter for further cross-examination as to the break-down of these several purchases, that they are entitled to know of the entire group of 89,000 acres what was actually paid for any given purchase, and possibly its location may have something to do with it. It certainly would if there were some more remote from places of consumption than others, or more remote from gathering transportation lines; and if it can be furnished without too great labor, we shall sustain the request. Have you that information here?

The Witness: No, sir.

Commissioner Geiger. How long would it take you to get it?

The Witness: Possibly two weeks.

Commissioner Geiger: Do you think it would take you two weeks to get the details on a hundred purchases?

The Witness: Yes, sir, considering that I would have to ask the New York office of the owners for permission and then go to Charleston to work it out.

Commissioner Geiger: You were operating for a group of —.

5143

[fol. 3650] The Witness: Yes, sir.

Commissioner Geiger: You reported to them how much you bought and how much you paid for it?

The Witness: Yes, sir.

Commissioner Geiger: Somewhere there is a record of that?

The Witness: Yes, sir, but not in my possession.

Mr. Turner: May we have some idea of when we are going to get this Blundon exhibit?

Commissioner Geiger: I think you are entitled to that.

Mr. Turner: Yes, but when?

Commissioner Geiger: I say you are entitled to that information.

Mr. Turner: That is rather academic unless we get it in time. We are in our rebuttal here. We are trying to meet that.

Commissioner Geiger: Mr. Butler may be able to make a statement as to when he will furnish that.

Mr. Butler: I made a statement yesterday about our exhibits.

Mr. Turner: That was more than a week ago.

Commissioner Geiger: When can you furnish them?

Mr. Butler: I told them yesterday it would be just about a week when we got them out.

Commissioner Geiger: A week?

Mr. Butler: You see how we have been held up, of course, by the fact that we have had to keep Mr. Blundon here and his personal supervision is needed for some of that. We haven't any desire, I assure you, to be here any

5144

[fol. 3651] longer than is necessary.

Mr. Turner: You see that is nearly two weeks ago.

Commissioner Geiger: What is it Mr. Blundon is to furnish? Those records requested by the Commissioner——

Mr. Huffman: Yes, they were requested by the Commission.

Mr. Turner: Yes.

Commissioner Hopple: As I understand Blundon's testimony went to the question of the price of obtaining leaseholds, and he made an examination of certain records in the State of West Virginia. The consideration in most instances was $1.00. In some cases no consideration was shown. It covered a certain amount of acreage, and that is the only evidence that was offered on that subject outside of an opinion as to the cost of abstracting of so much per acre. Now, I would say, since you ask the question, if you are ordering the company to produce this evidence, that you make the City produce its evidence on the same basis.

Commissioner Bricker: That was already ordered.

Commissioner Geiger: Yes, it was already ordered.

Mr. Turner: But when?

Commissioner Hopple: State the time.

Commissioner Geiger: All right, you produce it within the week and the other side within two weeks.

Mr. Butler: Mr. Blundon can have all of his things ready within one week from the time we detach him from this hearing.

Mr. Turner: Your Honors, if it is gathered, his office force can type it. He said it was gathered, and the office force could have typed it long ago. He said on Page 4, 801, "That would not be a large job, no, sir", in answering 5145

[fol. 3652] your question about the preparation.

Commissioner Geiger: Anything further, gentlemen?

Mr. Turner: If the Commission please, Mr. Seyffert was requested here for further defense examination, and we have Mr. Seyffert at this time for that purpose, for such examination as Mr. Butler wants to make for the defense.

[fol. 3652a] E. L. Carter testified (From United Fuel, 1928, case):

A. The next one is amortization, which is a figure computed by me, the total dollars being $1,370,549.36.

[fol. 3652b] Q. How did you get at that?

A. The figure was obtained by ascertaining the total gas reserves as testified to in this case by Mr. Davis; dividing that total of gas reserves in Classes 1 and 2 acreage by the consumption for the year 1928.

Q. Consumption or production?

A. Production, I beg your pardon, and ascertaining an estimate of the number of the expectancies and which gives an allowance of 4.25. In other words, if you divide the total estimated gas by the production for the year 1928 you get a figure of 23.6.

Q. That means years, does it?

A. That means the expected or the number of years of expected life. If you assume or if you accept the company's statement of 943 million M cubic feet; dividing that by the [fol. 3652c] 1928 production will give you an estimate of the expected life, assuming that your performance is as actually or accurately for the year 1928; then dividing 100 by the 23.6 you get the per cent per year necessary to set up as an amortization charge.

Q. Did you make any allowance there for compound interest?

A. No, sir, I did not. I used the straight line method on that. You apply the 4.25 per cent to the value as given above on this same exhibit, which would be the total of Mr. Blundon's exhibit of $25,121,799.00 and the allowance for gas lands of $7,126,421.16.

[fol. 3653] Going Concern Value

United Fuel Gas Company

230

[fol. 3654] F. H. LERCH testified:

Q. I believe you stated on yesterday that you had included in the valuation you have filed no element of value for going concern. I wish you would state whether or not you are more or less familiar with the operations and plant of the applicant?

A. I think I am, yes, sir.

231

[fol. 3655] Q. When did you first become acquainted with the plant?

A. In January, 1924.

Q. Did you at that time make any extended examination of the operation of it and the results that were being accomplished by those operations?

A. I did.

Q. Have you been more or less in touch with the operation of the company since that time?

A. Yes, I have.

Q. Have you during the last few months when you were making the present valuation been in touch with the operations of the plant and performance of the plant under the present management?

A. Yes, sir, in collecting this detail I had to get more or less familiar with the present operation.

Q. What can you say as to whether or not the plant of the United Fuel Gas Company has any value in addition to

232

[fol. 3656] the mete value of the material of which it is constituted?

A. I think it has a very decided value in excess of the value of the items of physical property.

Q. Is there any way in which you could arrive at with definiteness what that value is?

A. I don't know of any mathematical, strictly mathematical, method that will give you such a value in a public utility.

Q. As I understand, what you mean by going concern value is what the plant would sell for in an open market over and above what it would actually cost for the materials in it?

A. That is right; that is the principal definition.

Q. Now, that is made up of economies of operation, business developed, and all that sort of thing?

A. Yes, sir.

233

[fol. 3657] Q. Can you give the Commission any instances in which you think this element of going concern value arises in connection with the United Fuel Gas Company?

A. The principal element to my mind which contributes to a large going concern value of this company is the fact that it has a tremendous market developed and, as well as potential, attached to its system and has back of it a tremendous gas reserve or ability to stay in that market and keep that market for a long period in the future. That market is distinctly a stable one. It doesn't fluctuate, as it is spread over a great territory and embraces a great many classes of consumers and lends itself to expansion and intensive development, perhaps more so than any other utility or any other gas company situated farther away from its market in any other section of the United States.

234

[fol. 3658] Q. Have you made any investigation of the contracts which the company has for the purchase of gas made over the years in the past?

A. I have reviewed the digests of the present contracts that are now in existence.

Q. Do you think they are of any value to the company?

A. They are of decided value. The ability of the company to purchase reasonably large quantities of gas enables it to a certain extent minimize its own investment in producing equipment and it enables it to have a large source of supply and it can consequently operate its own system to

the best advantage. That is, it can shut down its own system and make maintenance repairs, etc., without any prospect of running short of gas.

Q. And that also prolongs the life of its own field, does it not?

235

[fol. 3659] A. Yes, sir.

Q. Has the price of the contracts in the past anything to do with their value?

A. Inasmuch as many of these contracts are old ones, made some time ago when the field price was decidedly somewhat lower, and since they extend for the life of the field, they are of value when compared with the present field prices.

Q. I believe you show in your report that substantially one-third of the company's output was purchased in 1928, is that correct?

A. I think that is about the correct figure.

Q. If the company had been unable to have purchased that one-third, what would have been necessary to it from its own resources in the way of additional wells?

A. It would have had to have at least the equivalent of the

236

[fol. 3660] number of wells from which it was purchasing gas and on a strict mathematical basis it is obvious it would have to have something approaching 50 per cent of its present production investment.

Q. Then, if it had not had these contracts its production system would have to have been increased 50 per cent of what it is now?

A. It would be something up to 50 per cent, yes, sir.

Q. What can you say as to there being any value in the experience the company has had in operation of the plant in the way of locating nine lines, compressor stations, or determining the kind of engines to be used and kind of materials to be used in various work, or the result of that experience?

A. That is a very valuable experience. During early op-

237

[fol. 3661] erations due to the fact the plant is new and untried it increases the cost of operation and it is often quite a period, a year of a couple of years, before the plant

can be said to be coordinated or operating to the best advantage.

Q. Is there any value to be given their experience in the selection of material or locations or anything of that sort?

A. Yes, that is the knowledge the company obtains and uses and saves considerable money and it represents a decided element of value.

Q. Does that element of value appear in the value we are inquiring about now?

A. I should say it did to a great extent.

Q. During the examination you have made of the plant, did you become acquainted with the personnel of the company? I mean its officials and the personnel in charge of

238

[fol. 3662] main operations, the main operating units of it?

A. I believe I met all of them or practically all of them and I am familiar with the work they do.

Q. You first became acquainted with the plant I believe you said in 1924?

A. In January 1924, yes, sir.

Q. And you have now made another survey of it in 1929, five years later?

A. Yes, sir.

Q. I wish you would state to the Commission whether or not you found any and if any what proportion of the responsible employees still in its service in 1929 that you found in 1924?

Mr. Scott: We object to that; it is immaterial; the company doesn't sell its employees.

Chairman Coffman: Let the respondent develop its theory of going value.

239

[fol. 3663] Judge Ritz: One of the elements of going value is an efficient personnel and that is what we are trying to show.

Chairman Coffman: You don't require these gentlemen to accept it but you are permitted to expound your theory.

Judge Ritz: I don't require them to accept anything.

Colonel Wallace: We think it would be open to objection; he might give us the number still there.

Chairman Coffman: I think that would be pertinent. Let us see where we get.

The Witness: I would say that the executive and operating department is practically intact insofar as the heads of the various departments are concerned. That is, we dealt with practically the same people we dealt with before. There has been a change in the accounting department but

240

[fol. 3664] that didn't bring in any new people into the organization. Our contact now was exactly the same as it was before.

Q. That simply represented the changes by advancement of people that were in it before?

A. I — that is the reason.

Q. What can you say from your observation both in 1924 and at the present time as to the character of these employees? I mean in relation to the performance of their duties as employees of the company?

A. From the observation I have been able to make I would say they are all filling their jobs 100 per cent.

Q. I wish you would state to the Commission whether or not such a personnel as you found makes the plant of any value in excess of the bare cost of material that is in it?

A. I think the operating personnel of the plant is one of

241

[fol. 3665] the most real values that the company has, for the reason that the loss of a key man invariably entails considerable expense and disturbance to the company's operations which are always reflected in the earnings and in the facility with which the company operates. I don't mean to say that the men are in any operating organization who are engaged in doing a part of the work are indispensable but they are until somebody is trained to the same degree they are trained the best men for the job. And in addition to that there is the cost of training new men.

Q. I understand what you mean to say is that another man of equal ability and equal capacity would not be as valuable in the operation of this company as the people operating it now until he had the practical experi-

242

[fol. 3665a] ence?

A. That is right.

Q. I believe you stated that there were some 60,000 domestic consumers attached to the company's lines and being furnished with natural gas?

A. I think there is a statement in the report giving in round numbers the consumers.

Q. 58,000 or 59,000?

A. I don't find it just now but that as I recall it is the number; in the neighborhood of 60,000.

Q. You have in your valuation determined what it cost to put in the services attaching or connecting the consumers and have put that in as an element of value in the plant. I wish you would state whether or not in your judgment the fact these customers are connected and are now using the company's service are of any value in excess of

243

[fol. 3666] the cost to tie them to the line?

A. You mean in excess of the cost of the physical investment?

Q. Yes.

A. Yes, it is a fact that it costs considerable to attach consumers. In other words, to sell the idea of using gas to consumers and to develop the market and get the various people on the line costs considerable more than pipe and fittings and the meter necessary to connect them.

Q. And that you consider would be an element of some value?

A. Yes, sir.

Q. To this company as a going concern?

A. It would, yes, sir.

Q. You stated on yesterday, I believe, that you didn't put in any value for the dry holes that the company has drilled. Has the company drilled any dry holes?

A. Yes, it has drilled dry holes in the past.

244

[fol. 3667] Q. I wish you would state whether or not they are of any value?

A. Dry holes of course are particularly valuable in that they help in the development of the field and consequently represent a considerable element of value in the operation of the company and in the operation of the field in the location of wells, etc.

Q. I wish you would state whether or not in your judgment it is just as necessary to drill dry holes as any other kind in the development of a natural gas company?

A. If you could avoid drilling them it might not.

Q. Often they give you a lot of information that directs your operations in the future?

A. Absolutely, yes, sir.

Q. And makes them a valuable asset for that reason?

245

[fol. 3668] A. That is right.

Q. Now, what could you say as to the number of dry holes drilled by the United Fuel Gas Company as compared with other natural gas companies operating in West Virginia with which you are familiar?

A. It is decidedly less.

Q. Less as a whole or in proportion to the number of wells drilled?

A. Less as a whole and less in proportion. There is only one company I know of who exceeded the record of the United Fuel as I recall it and that was the Reserve Gas Company. It is peculiarly situated inasmuch as it had its acreage defined.

Q. The limits of the field were already marked out?

A. Yes, sir, and it did not prospect or develop any other acreage.

246

[fol. 3669] Q. But you don't know of any company that has developed and tested acreage to the extent the United Fuel has with the drilling of so few dry holes?

A. Not in this territory, no, sir, not in this section of the country.

Q. I wish you would state whether or not you are familiar with the system of records and maps that the company keeps and is keeping?

A. Yes, I am.

Q. Is the experience of the company in developing those records, maps and methods of doing the work in that regard worth anything?

A. Yes, its records alone are worth a tremendous sum. It is rather difficult to estimate how much it would cost to reproduce them. It is like trying to estimate the cost of reproducing the knowledge they have acquired during the

247

[fol. 3670] time they were acquired. A great many could not be replaced.

Q. Well, is the system the company uses which has been devised as a result of its experience worth anything as compared with a concern starting out without any system or experience to guide it in establishing one?

A. Of course an organized system is worth something because it enables the operation of the company to be reduced to minimum expense through making operations and procedure routine and until a system is developed it represents an excessive cost of operation to the company. Therefore, an established system would be worth something to a going concern.

Q. Will you please state whether or not you found or find a system of records and maps and methods of doing business in connection with the United Fuel Gas Com-

248

[fol. 3671] pany's business which reflects the result of their experience and indicates that the company's officers and employees have taken advantage of the experience they have had in the operation of the company?

A. I found such systems and methods and they were being used to the best advantage as near as I could tell.

Q. Mr. Lerch, you have testified in regard to a number of things which you considered are elements of value in this plant. I will ask you to state whether you now think of any other elements which have not been valued and which constitute elements of value?

A. I can't think of anything more than to emphasize the particularly advantageous position the company has with respect to its market and supply of gas, which to my mind is the largest value present.

249

[fol. 3672] Q. I know that it is a difficult matter to evaluate these elements, but relating them to the value of the property as found by you, as a result of your experience and as a result of the experience of your firm, what can you say would be a minimum value of these elements of going concern?

A. I would say a minimum value would be not less than $5,397,220.

Q. That is ten per cent?

A. That is ten per cent of the estimated cost of reproduction new of the property exclusive of working capital.

Commissioner Divine:

Q. Is that new or depreciated?

A. That is ten per cent of the estimated reproduction cost new. I want to emphasize, I think it would be a minimum value in the case of the United Fuel Gas Company.

1207

[fol. 3673] Thereupon came JOHN T. KIMBALL, a witness of lawful age, introduced on behalf of the respondent, who, being first duly sworn, testified as follows:

Direct examination.

By Judge Ritz:

Q. Where do you live?

A. Brooklyn, New York.

Q. What firm or organization are you connected with?

A. I am on the staff of Ford, Bacon & Davis, Inc., consulting engineers.

Q. What is your profession?

A. I am a graduate of the electrical school of the University of Wisconsin and, since graduation, I have supplemented that education with one in accounting.

Q. What experience have you had in valuing properties

1208

[fol. 3674] for rate making purposes?

A. Following my graduation from the University of Wisconsin I obtained employment with what was then known as the Central Group of the Bell Telephone Companies. That comprised the Bell property in Ohio, Michigan, Indiana, Illinois and Wisconsin. I went with the engineering department which functioned for the properties in those five states and my work, while in that department, was in the valuation division. While there I assisted in the valuation of Bell Telephone properties in Cleveland, Ohio, Detroit, Michigan, Kalamazoo, Ypsilanti, and Ann Arbor, Michigan. I was with the Bell companies about one and a half years. Then I went with a manufacturing concern in which I had a small interest, for a matter of six months.

Following that I obtained a position on the staff of the Wisconsin Railroad Commission. I was with them about

1209

[fol. 3675] two years, and during that time I was responsible for or assisted in the valuation of public utilities of various kinds throughout that state. The principal ones on which I was engaged were the Milwaukee Electric Railway and Light Company, supplying street railway and light and power service in and adjacent to the City of Milwaukee. Another company was the Milwaukee Light, Heat & Traction Company, which supplied interurban railway service to cities and towns within a radius of forty or fifty miles of Milwaukee, and also light and power service in that same territory. Another Company was the Madison Gas & Electric Company, supplying gas and electric service in Milwaukee, Wis. Another was the LaCross Gas Company—Gas and Electric Company, supplying gas and electric service

1210

[fol. 3676] in and adjacent to LaCross. There was a large number of smaller companies scattered throughout the state, which I do not now recall. My duties also involved investigations with various utilities with respect to the service which they were rendering. After about two years I obtained a position with D. C. and William B. Jackson, a consulting engineer firm, which at that time had offices in Chicago, Ill., and Boston, Mass. I went to their Boston office, and was with them a short time. In the early part of 1918, and while with them, I was engaged on a rate investigation for the Boston-Edison Company, which supplied light and power service throughout the Boston metropolitan district. That involved a valuation of their property, allocations of the expenses to the various classes of service. In July, 1918, I obtained a position with Ford, Bacon

1211

[fol. 3677] & Davis, and have been with them continuously ever since, nearly eleven years. During this time I have been with them, my duties have been largely to do with public utilities of all kinds, though more extensively with public utilities. I make investigatons and reports covering valuations as to prospective earnings, investigations into the intangible value for many utilities, and that work is done for utilities and bankers, for the purpose of rates, taxation, purchase and sale and financing. Some of the

properties on which I have done work were somewhat in the order in which I have taken them up. The Rhode Island Company that supplied street car service in Providence, R. I. and throughout that state; the Pittsburgh Railway Company, which supplied both urban and interurban service in and around Pittsburgh, Pa., The Duquesne Light

1212

[fol. 3678] Company, which supplied light and power. In 1920 Ford, Bacon & Davis got a commitment to make a valuation and rate investigation of a number of gas utilities, which were owned or controlled by the Standard Oil Company of New Jersey. These consisted of the East Ohio Gas Company, the Peoples Natural Gas Company, the Hope Natural Gas Company, the River Gas Company, the Reserve Gas Company, and the Connecting Gas Company. I was made resident engineer in the valuation of the East Ohio Gas Company, and worked directly under the supervision of Mr. Ubelacker. Since that time I have made numerous valuations and reports on natural gas projects. Many of these are scattered throughout the southwestern part of the country, and I have had contact with, either in responsible charge or in some particular, with many of these companies. I suppose that the firm has

1213

[fol. 3679] valued in excess of $750,000,000 of natural gas properties, and I expect I have been personally in touch with two-thirds of that work or three-fourths of it. The most recent valuation is a revaluation of the East Ohio Gas Company or that part of its property, which now supplies the Cleveland District, and the Hope Natural Gas Company, in which I was in charge in the early part of last year.

Q. You answered, incidentally, as you went along that you were engaged in fixing the values of these properties, including the intangible values. What do you mean by intangible values?"

A. As to the public utilities I have reference to that value commonly referred to as intangible value.

Q. I wish you would explain what you mean by that term?

A. Going concern value, in my opinion, is the difference between the value of a live, self-sustaining, self-supporting

1214

[fol. 3680] business or one which is capable of being self-supporting, with reasonable rates, and the value of the inert physical assets. This value arises from possession of, first, a developed business, with customers attached to, and taking gas from the lines of the company. Second, a skilled and trained and normal operating personnel. Third, a plant which, over a period of time, has been changed, remodeled, improved, and adapted to the peculiar conditions surrounding the operations of the particular company in question. Fourth, favorable contractual relations, providing for, particularly, the purchase and sale of gas. Fifth, the markets in which the company has at its door or can supply, including the potentialities for the utilization of gas. Sixth, the property which, through combinations, mergers and purchases of other properties, has greatly reduced

1215

[fol. 3681] competitive conditions; and, seventh, an assembling of records and forms pertinent to the business of the property, which enable the company to function efficiently.

Q. Mr. Kimball, I will ask you if you have made a study of the operations of the United Fuel Gas Company and Warfield Natural Gas Company, which I believe are operated with the same personnel, with a view of determining whether there is an intangible value and going concern value attached to the business of these companies?

A. Yes, sir, I have.

Q. Did you have reason to believe there is such a value here?

A. Yes, sir, I did.

Q. I believe the first thing you said was the developed business. I wish you would state whether, in your judgment, there is an element of value in the fact you found this company one with a developed business?

1216

[fol. 3682] A. Yes, sir. This Company in the year 1928 sold approximately 52 billion feet of gas, for which it received about $13,699,000. The bulk of these sales were of a wholesale nature; 36,957,000,000 was sold to wholesale consumers, and the United Fuel Gas Company and Warfield Natural Gas Company received $10,132,000 from that business; 15 million, approximately, M. C. F. was sold to retail consumers in West Virginia, Ohio and Kentucky, for which the companies received about $3,562,000, gross,

from that business. The company has as of December 31, 1928, 58,700 retail consumers scattered in the three states. They constitute, in my opinion, a valuable asset. If the company didn't have them you would have to exert some effort and time and expend some money to reproduce that body of consumers; you would have to expend possibly some sales efforts to get them all. It is likely some of

1217

[fol. 3683] them would come on the line without that effort, others would require some sales ability. After the consumers had been connected the sales efforts would not then cease, but probably would require or at least an effort would be made to induce these consumers to utilize gas to the fullest advantage. That is the usual procedure in new territory, and in addition to that, there are the co-related expenses of advertising, education and directions in regard to the use of gas, all related to sales activities. Possibly the most valuable asset, however, which this company possesses in the way of developed business are its wholesale consumers and contracts. It has such contracts with the Hope Natural Gas Company, the Pittsburgh & West Virginia Gas Company, the Louisville Gas & Electric Company.

Commissioner Nethken: As a matter of fact, Mr. Wit-

1218

[fol. 3684] ness, they don't have that contract in West Virginia?

A. Yes, sir, an exchange contract, which gets or nets them a considerable amount of gas. It has a contract for the sale of gas with the Portsmouth Gas Company, and a number of smaller companies. The companies I have named are wholly independent of the United Fuel Gas Company or the Warfield Natural Gas Company. In addition, there are contracts existing with the Ohio Fuel Gas Company, the Huntington Development & Gas Company, and the Manufacturers Light & Heat Company, which, like the United Fuel Gas Company and the Warfield Natural Gas Company, are part of the Columbia system. These companies to which the United Fuel and the Warfield Natural Gas Companies sell gas, in turn, distribute all of that gas over a widely scattered territory. The

1219

[fol. 3685] Louisville company sells gas in Louisville, Kentucky, which would be the western extreme of the territory. The Hope Natural Gas Company, on the other hand, sells gas to the Peoples Natural Gas Company, and they, in turn, distribute it as far east as Altoona, Pa., so that the gas produced by the United Fuel Gas Company and the Warfield Natural Gas Company may eventually find a market any place between those two extremes and, in fact, either the gas produced by the United Fuel Gas Company or gas which these other companies purchase, and which is released because of the purchase from the United Fuel Gas Company, is sold in such places as Toledo, Cincinnati, Sandusky, Columbus, Dayton, Canton, Youngstown, Akron, Cleveland and most of the major cities in that territory. This, of course, makes an excellent market condition and contributes to the stability of the operations

1220

[fol. 3686] of the United Fuel Gas Company and is an unusually valuable asset to that company.

Q. You stated as another element you regarded as going concern value was an efficient operating personnel. I wish you would state whether you found an efficient personnel in connection with the United Fuel Gas Company and the Warfield Natural Gas Company?

A. Yes, sir, I did.

(Reporter Cain here reli-ved Reporter Stanard.)

1221

[fol. 3687] Q. Give us some idea of the extent of the experience of some of the personnel, operating officers of the company?

Colonel Wallace: You mean give his experience or the experience of the firm you are talking about?

Judge Ritz:

Q. Have you any information as to the extent of the experience of the operating officials of this company in the gas business?

A. I had a form prepared and it was submitted to me.

Q. And upon that information you are basing your report?

Colonel Wallace: We object to that.

Chairman Coffman: Let him answer.

A. The companies during 1928 had about 11,000 employees and a payroll of $1,571,000. I requested the more important employees and officers to submit to me an outline of their experience in the gas and oil business. I have before me the experience records of 39 officials and em-

1222

[fol. 3688] ployees of this company. The first one that I turn to is that of H. A. Wallace who has been for forty-one years engaged in the oil and gas business, starting in with various companies in various capacities, tank setting, rig work, and production work, working thru the whole range of the business to President of this company.

Q. How do you translate that into dollars?

A. There is no mechanical method you can follow. When you get thru it must be a matter of judgment.

Q. Do you have any others?

A. I have before me the service record of Mr. D. A. Ketchum, General Superintendent, 24 years' practical experience. Mr. S. J. Brumfield, 27 years' experience. Mr. Sackett, Superintendent of Meter Department, 26 years' experience. Mr. Rowan, Division Superintendent, 23 years' experience. Mr. Windon, another Division Superintendent, 29 years' experience. Mr. Roome, Superintend-

1223

[fol. 3689] ent of the Branchland Field, 28 years' experience. Mr. Reeser, Superintendent, 43 years. I don't know that it is necessary to continue with all of them.

Q. Do you consider employees of that character of value to the company in addition to the physical assets?

A. Yes, sir, decidedly. If the companies had no organization they would be put to tremendous expense in order to get these men.

Q. You also said something about a physical plant which had been adapted thru peculiar conditions surrounding the operations of the particular company in question. I will ask you to state if you found anything in this plant of that nature that would be of value?

A. Yes, sir. In explanation it is not humanly possible to construct a project of this size so as to obviate sub-

1224

[fol. 3690] sequent changes and improvements. Many changes are brought about by conditions on the outside of the company, and it is only over a period of time that the

company becomes seasoned or tuned, if I may use those expressions, and adapted to the use to which it is put. An illustration may be had in the comparison of two pipe lines of identical size and type on parallel streets. One street has recently been paved, the other street is wholly unimproved. A willing purchaser would pay more for the pipe line in the paved street than it would for the one in the unimproved street. Now there have been any number of circumstances such as this in the history of this company. During the existence of this company there have been improvements for the elimination of excessive leakage. All of these factors are an element of value.

1225

[fol. 3691] Q. You stated another element of value in your judgment would be contracts the company has to purchase gas. I wish you would explain briefly about that?

A. The company now has or did have at the end of 1928, 138 active contracts for the purchase of gas from various persons scattered throughout West Virginia and Kentucky. These contracts delivered production from more than 140,000 acres and more than 70 wells. I believe a digest of each contract has been filed in this proceeding.

Q. Yes, that has been filed.

A. Most of the contracts are for the pipe of the producing property involved. In 1928 the companies purchased under these contracts 16 billion feet of gas for which they paid $1,672,000.00. The average cost was 10.4 cents. Over the last several years the price of gas has been greatly in-

1226

[fol. 3692] creased. The original contracts, the oldest of which is dated January 1, 1911, were for prices ranging from 2 to 3 cents per thousand cubic feet. From time to time the company has voluntarily increased their prices, though they do not pay as much in these old contracts as they did in 1928. In general, contracts entered into in that year were at the rate of 12 cents. Comparing the prices under these new contracts with the average prices, the company affects a saving of 1.6 cents or around $250,000.00 a year. Accordingly, I believe those contracts are very favorable assets.

Q. If the value of that gas that is purchased should be 14 cents, as is testified to by a witness a while ago, it would have been very much more value?

A. Based on purchases it would mean a saving of $320,000.00.

Q. Or nearly a half million dollars a year from those contracts?

1227

[fol. 3693] A. That is right.

Q. Well, now, what other elements of going concern value do you find in this property?

A. Well, there is the potential market. I requested a survey of the industrial market which the company provided me which shows there is a market of roughly a billion cubic feet per month. A large part of that is largely supplied with other forms of fuel, coal or electricity, but there is no doubt a large part might be furnished by this company. The market to which the United Fuel Gas Company and Warfield Natural Gas Company sell gas extends over the whole state of Ohio and from Louisville on the west of Altoona on the east, or, in one of the most progressive and advancing industrial sections in the country, and this company stands to benefit from all increases in sales to the companies to which it in turn sells. Now, there is also a

1228

[fol. 3694] valuable asset, another element of value realized from the very make-up of the United Fuel Gas Company. It has its inception or was incorporated in 1903. It acquired property of the United States Natural Gas Company in 1909 which had large holdings at that time. Subsequently it had considerable acreage acquired by the company in 1910 and in 1927, and in 1928 it obtained the property of the Ohio Fuel Oil Company. The result was, the elimination of the competing companies and which today comprise the United Fuel Gas Company and Warfield Natural Gas Company, to more efficiently conduct its operations, eliminating duplication of facilities to the extent it acquired these properties, and it permits the company to more economically develop its acreages. The last of the several items I enumerated when I first began to testify are the

1229

[fol. 3695] records and forms. There are many records of geological data, for example there are sub-surface structure maps, some 5,940 square miles. Possibly the most valuable record, however, is 14,000 card records of wells not only drilled by this company but by other companies. They

have a set of farm maps showing this entire territory. This is a great aid to the operating department in locating wells. The engineering department have thousands of maps which are complete property records of all the pipe lines of the company. There are in the office of the United Fuel Gas Company 455 inventory maps, they are called, showing the exact location of all these lines and the size of the line. Similarly the Warfield Natural Gas Company have a like set of maps. Those things all contribute to an economical

1230

[fol. 3696] operation of the properties. In the various departments of the company there are many printed forms based upon the particular requirements of those departments. Those forms also contribute a large saving in time and the functioning of those departments.

Q. You stated in answer to a question that there was no mechanical rule you knew of to determine the value of these various assets. I wish you would state, from your experience, you have an opinion as to the total minimum value of all those assets belonging to the United Fuel Gas Company and Warfield Natural Gas Company as a going concern?

A. I have.

Q. What is that value?

A. $7,500,000.00 as applied to the value prepared by Ford, Bacon and Davis, and which I believe is identified as Lerch Exhibit No. 1.

[fol. 3697] Thereupon came EARL L. CARTER, a witness of lawful age, called on behalf of the protestants, who, after being duly sworn, testified as follows:

Direct examination.

By Mr. Scott:

Q. You may give your name and residence please?

A. My name is Earl L. Carter, residence, Indianapolis, Ind.

2662

Q. What is your business or profession, Mr. Carter?

A. I am a consulting engineer, specializing in utility problems.

Q. Where are you located?

A. My office is at Continental Bank Building, Indianapolis, Indiana.

2663

2688

A. * * * Going value, the next item of $4,500,000.00 is an allowance made by me.

Q. Now, give the Commission some idea of your reasons for that figure?

2689

[fol. 3698] A. The allowance of $4,500,000.00, Mr. Scott?

Q. Yes, sir.

A. That is based on a—it's a judgment figure, after a study of the conditions as a whole of the United Fuel Gas Company. In other words, I have made a study of the saturation of the business in the major communities served. I have taken into consideration the testimony given by Mr. Kimbell, the company's witness; I have taken into consideration the values of the properties; I have taken into consideration the growth of the number of consumers, the growth in certain cases and decreases in certain cases, of consumption of various groups of consumers of types of consumers; I have attempted to compute what might be expected as an estimated cost of establishing the business, which is a measure of going value. I have knowledged and made a study and survey of the age of these leases, the con-

2690

[fol. 3699] ditions of the leases, by districts, by counties and the total age was studied; the type of the leases, the age of the leases, and tried to take into consideration all the elements which enter into a fair determination of an allowance for going value, and after consideration of a great many elements, it is my judgment an allowance of $4,500,000 is a fair allowance for such an item.

[fol. 3700] Labor Performance

The Columbus Gas and Fuel Company

[fol. 3701] Mr. H. R. ALLENSWORTH testified as follows:

3500

[fol. 3702] Q. You have done trench work for conduit laying in City of Columbus, have you, Mr. Allensworth.

A. I have.

Q. Are you familiar then with the method of trenching

3501

[fol. 3703] and conduit work in the City of Columbus, the obstacles and difficulties to be encountered in such work?

A. I am.

Q. In making up your unit costs, have you allowed anything for rock excavations, boulder removals, etc.?

A. My unit costs are based on average Columbus conditions that average comprises all of the elements that might be encountered in constructing a gas main system in the City of Columbus.

Commissioner Geiger: You are speaking now with reference to the item under the general head of "Labor" of "Excavation, backfill and tamping"?

Mr. Huffman: That is correct.

Commissioner Geiger: I believe it would be good to start out by stating what item you are referring to before you interrogate the witness. All right, go ahead.

Q. Under the heading of "Excavation, backfill and tamping", what difference do you show on page 2?

A. $135,765.99.

Q. Now is there in the City of Columbus at the depth that you figure for gas mains any rock excavation to speak of?

A. No, sir, none to speak of.

Q. In relation to the mains of other utilities what is the position of gas mains generally?

A. Gas mains are generally shallower than the facilities of other public utilities.

Commissioner Bricker: Are these mains in Columbus that way, shallower than the other utilities?

The Witness: They are generally so, yes, sir; there are exceptions, of course.

3502

[fol. 3704] By Mr. Huffman:

Q. And you have taken into consideratin those exceptions, in figuring your average excavation?

A. Yes, sir, to the extent that any such exceptions would influence my cost.

Q. Would the excavation for down town areas be figured at the same rate as excavation in the outlying areas?

A. Yes, for the reason that I used average performance, averaging the entire city district.

Q. You have taken that into consideration then and have included that in your average performance?

A. Yes, sir.

Q. Will you please explain now the details of the resulting difference under this item "Excavation, backfill and tamping" of $135,765.99?

A. This difference is due to difference in unit cost detail and differences in inventory quantities. The Company's reproduction cost of excavation, backfill and tamping is erected upon a basic cost of excavation, backfill and tamping of $2.35 per cubic yard for hand work.

Q. How much was that again?

A. $2.35 per cubic yard; my reproduction cost units are erected upon a basic cost of $1.27 per cubic yard for hand labor.

The Company estimates the cost of machine work at $1.05 per cubic yard. My cost for machine work is 77 cents per cubic yard.

The Company's reproduction cost statement is erected upon the assumption that in a reproduction program 25 per cent of trench excavation would be performed by machines. My reproduction cost is erected upon the principle that the trench actually excavated by a machine—would be excavated by a machine in the reproduction of the property.

3503

[fol. 3705] Q. Have you investigated the Company's records in making that determination?

A. I have.

Q. And used the figures that you found there as a basis for your computation?

A. Yes, sir; as against the amount of machine work estimated by the Company, that is, 25 per cent of the trench work—the amount of trench excavation actually performed by machines in the installation of the Company's mains was 4.84 per cent of the total trench in the corrected inventory.

Commissioner Bricker: Do you mean that was the historical fact?

The Witness: Yes.

Commissioner Bricker: Well, now, would that necessarily hold true in a reproduction, or am I anticipating something?

The Witness: No, you are not.

Commissioner Bricker: In a reproduction program?

The Witness: It does hold true in a reproduction program depending upon the interpretation of the reproduction theory. My interpretation of the reproduction theory is that the property should be reproduced in the manner that it was produced in so far as that is practical under present day conditions and with present day facilities.

For example, much of the pipe in these trenches was taken off of cars by hand and put on a wagon and hauled to the trench by team. We cannot with facility estimate any such cost under present day conditions. Therefore, we use trucks.

Commissioner Bricker: Now wouldn't it be just as reasonable to say that as of your date certain this Company would not construct 4.84 per cent of their trenches if they

3504

[fol. 3706] were going to reproduce it; wouldn't 50 per cent of the trench work be done by machinery?

The Witness: If the Company or myself or any other competent person were to actually construct this property as of the present date, I agree with the Company's witness that the use of the machine would probaly be limited to about 25 per cent of the excavation. If the property was to be constructed by problem as an engineer is to figure the cost of reproduction, and that to me is a distinction from the construction of the property if it were to be constructed as of that date.

Commissioner Bricker: As of the date certain?

The Witness: Yes, sir.

Commissioner Bricker: You say then there would only be approximately 25 per cent of the excavating done by a machine if it were reproduced as of the date certain?

Mr. Huffman: That is the Company's statement.

Commissioner Bricker: But do you agreed with that substantially?

The Witness: I say substantially that, Your Honor, that in my opinion if the property were to be constructed beginning December 31, 1929, it is possible that not much more—I would not confine myself to 25 per cent—I should say not more than 25 to 30 per cent of the trench would

or could be done by machine, and I am referring to trench machines, not to other mechanical appliances that might be employed.

Commissioner Geiger: And in the actual work or in your figures you have taken the actual amount which the Company constructed by machine, which was 4.84 per cent?

3505

[fol. 3707] The Witness: Of the amount of trench, yes, sir.

Commissioner Geiger: Do I understand you, in estimating the amount or cost of excavating you have taken the historical figure of 4.84 per cent to be constructed by machines?

The Witness: Yes, sir.

Commissioner Geiger: As against the Company's estimate which they make themselves that they would use 25 per cent for machines?

The Witness: Yes. I do not agree with the Company's interpretation of the reproduction theory in that respect.

Commissioner Geiger: Well, your theory is, as I understand it, then that whatever methods were used in the actual historical construction of the property should be the methods estimated to be used in its production?

The Witness: In so far as practical applicable, yes, that is correct.

Commissioner Geiger: Well, to use a rather patent illustrations, suppose when a building is built they used hod carriers who walked up ladders with a hod of brick on their back, would you in reconstructing that building theoretically that was built by hod carriers carrying a hod up on their back on a ladder estimate the cost of reconstruction it in that way or would you estimate it by the use of modern hoisting machinery?

The Witness: I would base my reproduction cost on the use of modern hoisting machinery; it would be impossible to find a hod carrier who would carry a hod four or five stories on a ladder; that is what I refer to when I say

3506

[fol. 3708] "Practical consideration."

Commissioner Geiger: Well, do I understand you to mean then that if the historical construction of this pipe line system in the City of Columbus developed that 4.84 per cent was laid by machinery over the period of the time that it was being constructed, you would now take 4.84 per

cent to be laid by machinery as the proper figure to be estimated as machine laid or machine excavated trenches?

The Witness: Yes, sir, and for this further fact, that all of the machine work that was done was done within a comparatively few months of this date certain; that is within 24 months of the date certain of this appraisal.

Commissioner Geiger: You mean by that that historically it would indicate that taking into consideration the time nearly approximate to the date certain that trenches were then constructed in Columbus only to the extent of 4.84 per cent by machinery?

The Witness: Yes, sir.

Commissioner Geiger: All right.

The Witness: May I add, if Your Honor please, just another consideration, that all of the trench work done, performed by this Company, with hand labor, up to and including the date certain of this appraisal, it is true that immediately prior, so to speak—or I think in not more than 24 months there had been machine work also done, but the Company today is still digging trenches, opening trenches, with hand labor and will continue to do so. This is not a problem where a machine has entirely superseded hand labor as in the case in your illustration of the hod-carrier and the hoisting machine.

3507

[fol. 3709] Commissioner Geiger: Well, I understand that in your estimate of the excavation, backfill and tamping you have only estimated that 4.84 per cent of it would be done by trench digging machinery at the time of reconstruction?

The Witness: Your understanding is correct in that respect, yes.

Commissioner Geiger: Even though the Company itself has estimated 25 per cent would be done by machinery?

The Witness: Yes, sir, the contention of the Company notwithstanding.

Commissioner Geiger: All right; go ahead; let us hurry along.

By Mr. Huffman:

Q. How many cubic yards have you figured a man will excavate per day, Mr. Allensworth?

A. Three cubic yards per man day of nine hours.

I would like to direct attention to another circumstance relative to this difference in excavation, backfill and tamping, and that is that in the Company' reproduction cost statement excavation, backfill and tamping is figured from the surface to the bottom of the trench.

In estimating the cost of pavement over mains the Company includes in the cost of pavement the cost of breaking and removing the pavement; in other words, the trench space occupied by pavement is figured once in the cost of excavation and again in the cost of breaking and removing pavement.

The total space occupied by pavements in the Company's reproduction cost is 10,446.09 cubic yards. The amount of excess in the Company's reproduction cost for this item is $19,302.50, and the total effect of this error in the Com-

3508

[fols. 3710 & 3711] pany's reproduction cost after adding its factors for undistributed construction costs, going concern value and other factors, is $25,527.57. There is no such duplication error in my reproduction cost.

Commissioner Geiger: Well, should the company excuse itself for doing that by saying that the ordinary trench—the method is to fill the trench up flush to the surface and let it settle and then dig out enough to lay the paving? Would they be justified in considering that they would have to remove it twice?

The Witness: I do not know whether they would make that excuse or not but if they do, the excuse is not sustainable. The fact is that the circumstance that you refer to is included in part of the cost of repaving.

Mr. Turner: We will not offer any excuse, Your Honor.

Commissioner Geiger: Well, I don't like that word—explanation.

Mr. Turner: We will not offer any excuse at all; we will show you the facts.

Commissioner Geiger: All right.

By Mr. Huffman:

Q. You may proceed.

A. In answering your former question, Mr. Huffman, more directly, the Company's unit costs from which its reproduction cost is derived are erected upon an average

performance of excavation, backfill and tamping of three cubic yards to a man day, which average includes machine excavation.

Manual performance in the Company's detail is 2.874 cubic yards per man day.

My unit costs are erected upon an average performance

3509

[fol. 3712] for excavation, backfill and tamping of 3.0971 cubic yards per man day of nine hours, which average includes machine excavation.

Manual performance, upon which my unit costs are erected, is three cubic yards per man day of nine hours.

The further element of difference is the fact that the Company's unit cost for excavation, backfill and tamping is erected upon a common labor rate of 45 cents per hour. The labor rate for straw bosses—that is, working foremen——

Q. You mean a straw boss is a working foreman, according to your explanation?

A. Yes. The Company's reproduction cost of straw bosses is rated from 50 cents to 53.3 cents per hour. My unit costs are erected upon a common labor rate of 40 cents per hour; straw bosses or working foremen, 55 cents per hour.

The open market labor price, common labor in Columbus as of December 31, 1929, was less than 40 cents an hour. At that time there was in progress extensive work by the Norfolk & Western Railroad and by the Pennsylvania Railroad. The prices actually paid common labor on that work for the many thousands of men employed varied from 35 cents an hour to 40 cents an hour. There were minor exceptions. There were some few exceptions of 30 cents an hour for common labor and some exceptions of 42 cents per hour of common labor.

The average price actually paid and actually bid for common labor at that time was slightly less than 40 cents an hour, and 40 cents is the common labor wage rate upon which I have erected my unit costs of excavation, backfill and tamping.

3510

[fol. 3713] Now in addition to the differences that I have explained, there are also differences in inventory quantities——

Commissioner Geiger: Just one moment there; did you make an examination of the books of the Company to ascertain just how deep the pipes were laid or did you estimate what would be the proper depth at which they should be laid?

The Witness: My unit costs are based upon the actual depth of the pipe.

exist in the ground?

Commissioner Geiger: Do you mean as they actually

The Witness: Yes, sir.

5918

[fol. 3714] Q. On Page 5 of Exhibit 199, is shown the observed performance by the company of excavation, backfilling and tamping for the city water works division and the comparison is made between trenching performance in water works construction and trenching performance in gas main construction. In your opinion as an engineer are such performances comparable?

A. No, sir, they are not.

5919

[fol. 3715] Q. Why not?

A. Such comparison is meaningless because a 16-inch gas main requires excavation to a depth of only three feet ten inches. The average depth of this water works trench in East Broad Street, according to the observations of the observers for the gas company, was five feet four inches plus. An average size man working in this trench during the excavation of the last part of the trench would be standing in the trench at such depth that the top of his shoulder would be below the level of the surface, that is below the level of the street. Every shovel full of dirt taken out would have to be lifted higher than the head of the workman, and in the use of the pick and shovel the movements of the workman are constricted because of the narrow confines of the trench. The average size main in the Columbus Gas & Fuel property is a four inch main. The average depth of trench required for the installation of this average size main is thirty-four inches. A workman engaged in digging and throwing dirt out of this average trench never works more than waist deep. In wielding a pick and shovel, his arms and trunk are practically free from constriction by the width of the trench.

Q. Have you investigated the cost incurred by the Columbus Gas & Fuel Company in laying mains in the year ending December 31, 1929?

A. Yes, sir.

Q. What is the result of that investigation?

Mr. Turner: I object. This is going back to '29 now. They certainly had an opportunity for that in defense.

Mr. Huffman: We are offering it again——

And thereupon the commission overruled the above objection of the Columbus Gas & Fuel Company, to which 5920 [fol. 3716] ruling of the Commission, the Columbus Gas & Fuel Company excepted.

Commissioner Geiger: He is going to testify in response to that question that he knows what it costs. That is a thing I have been wishing to get at for a long time, instead of all this labor union stuff.

Mr. Turner: I wish you would amend the statute in the regular way, because the statute is the thing that governs us here.

Mr. Huffman: It does not tell you to put in a 1931 performance.

Commissioner Geiger: All right. Objection overruled and exception noted. What do you know about it? Go ahead, Mr. Allensworth.

A. During the year 1929, the Columbus Gas & Fuel Company laid in the streets of Columbus and suburbs close to Columbus a total of 14,942 feet of four inch gas mains in jobs of 350 feet or better. The total labor cost of laying those mains, four inch mains, was 30.35 cents per foot. The amount that I have used in the city's reproduction cost as labor cost for laying the four inch gas mains is 30.716 cents per foot.

Commissioner Geiger: How do you know that that is what they paid for it?

The Witness: Because I examined the work orders under which this work was performed, in which work orders are accounted the time of the men employed, the use of the autos and trucks, expense of the use of tools and expense of the use of the compressor for the tamping opera-

tions; and the vouchers of the company show the sum total

5921

[fol. 3717] of the total amount of labor expense incurred on each job.

5564

[fol. 3718] D. O. FERGUSON, called on behalf of the Columbus Gas & Fuel Company, in rebuttal, being heretofore duly sworn, testified as follows:

Examined by Mr. Calland:

Q. Your name is——

A. D. O. Ferguson.

Q. You are the same Mr. Ferguson who has testified in this case before?

A. Yes, sir.

Q. Your qualifications and experience have already been related in the record, have they?

A. They have.

Q. Your experience has covered highway engineering, railroad engineering, superintendence of gas plant construction, including the direction of labor engaged in the excavation, installation of transmission and distribution of piping, construction of buildings, compressor stations, and so forth?

A. Yes, sir.

5565

[fol. 3719] Q. Have you made or had made under your supervision, observations of the installation of gas pipes, mains, water mains and telephone conduit in the City of Columbus during the last two years?

A. I have.

Q. To what extent have those observations been made?

A. These observations have covered the majority of the major installations of gas company work, city water works construction and telephone conduit during the past two years in the City of Columbus.

Q. Just explain how the work of making these observations was carried on?

A. We employed on used men who were in our employ as observers. They were instructed by me as to the man-

ner and how their observations were to be taken, that is, they were instructed so that they would work in a comprehensive sort of a way so that I could tabulate the results when they were turned in to me. These men stayed out on the job at all times. They observed the number of men engaged in the various operations, checking the time that the men were engaged in doing the various functions, such as excavating, backfilling and tamping. They also took measurements on the job so that I was able to compute the amount in cubic feet and cubic yards of the work done. Then I applied the number of man hours which it took to do the various operations, as excavation, backfilling and tamping, and knowing the quantity of work which was done, I was then able to calculate the number of cubic yards per man day.

Q. Have you prepared an exhibit which shows the results of these observations?

A. I have.

Mr. Calland: Mark this Company Exhibit Number 199.

5566

[fol. 3720] And thereupon the paper writing above referred to was marked for the purpose of identification as Company Exhibit Number 199.

Q. I hand you what has been marked as Company Exhibit Number 199, and ask you to state whether that is such an exhibit?

A. It is.

Q. Now, if you will refer to that exhibit, please, tell the Commission the character of the construction projects that were observed and where they were located?

A. There were 32 projects observed in all. They have been grouped as to the Columbus Gas & Fuel Company, the City Water Works and what we call the Bell Telephone Conduit. Number 1 is done in Linden.

5570

[fol. 3721] Q. I want to ask you, Mr. Ferguson, whether these observations reflect the conditions which would be encountered in the reconstruction of the property of the Columbus Gas & Fuel Company?

A. They only represent the conditions partially, because we were observing actual jobs as they were constructed. It so happens that only eight of these jobs are in what

could be called a downtown district. The remainder of the jobs are in the outlying territory and you will notice that one of the jobs is even up in Worthington.

Q. Now, Mr. Ferguson, if you will refer to Page 2 of what has been marked Company Exhibit 199 and please explain what is set out on that page?

A. Page Number 2 of Exhibit 199 shows the amount of hand excavation, hand backfilling and hand tamping and also the total man days required to do the three before mentioned operations.

It also shows the amount done by the Columbus Gas & Fuel Company, the Ohio Bell Telephone Company and the City of Columbus, Division of Water Works.

This sheet then reflects the weighted averages of all operations. In other words, we considered the longer and larger jobs to have more importance in our final calculations than the shorter jobs.

As an illustration, you have only 798 cubic yards observed on Ohio Bell Telephone Company on hand excavation, while we have 14,543.15 cubic yards observed hand

5571

[fol. 3722] excavation for the City Water Works. This sheet takes the larger amount into consideration.

At the bottom of the sheet you will see the figure- 2.91, 6.89, 6.18. Those are the figures which represent the cubic yards per nine hour day on hand excavation, hand backfilling and hand tamping and were obtained by dividing the total cubic yards of the various operations by the total man days required to do that.

Q. That is to say, the result of these observations shows that 2.91 cubic yards per nine hour day was the performance on hand excavations?

A. That is correct.

Q. And 6.89 cubic yards per nine hour day was the performance on hand backfilling?

A. That is correct.

Q. And 6.18 cubic yards per nine hour day was the performance on hand tamping?

A. That is correct.

Q. Now, refer to page 1 of the Company Exhibit 199, and explain what is shown on that page?

A. Page 1 of Company Exhibit 199 is a comparison of the excavation, backfilling and tamping performances used

in the appraisal of the Columbus Gas & Fuel Company's property with the excavation, backfilling and tamping performances observed. The costs set up in the second column of figures on this page are computed from the costs set up in the appraisal of the Columbus Gas & Fuel Company.

Q. By that, you mean Mr. Welker's appraisal on Company Exhibit Number 2 in this case?

A. Yes, sir. The costs set up in the fourth column of figures on this page are the costs which are the results of applying the labor rates used in the appraisal of the Columbus Gas & Fuel Company to the observed performances.

5572

[fol. 3723] At the bottom of the page it will be seen that *that* the average cost per cubic yard based on the performances used in the appraisal and giving effect to the saving due to the use of mechanical equipment is $1.5455 per cubic yard on a daily performance of 2.65 cubic yards per nine hour day. The cost based on the observed performance of 1.91 cubic yards per nine hour day is $2.1271 cents per cubic yard.

Q. Now, Mr. Ferguson, the other pages of this Exhibit 199 I take it are the detail upon which pages 1 and 2 are based?

A. They are.

Q. They need no special explanation, I take it; do they?

A. No, sir.

Q. Do I understand that the observations which are set up in Company Exhibit 199 include the installations of the 16 inch water pipe on East Broad Street during the past summer?

A. Yes, they do.

Q. Can you give us the results of the observations on that installation? I might ask you this way, have you prepared an exhibit which treats that job separately?

A. We have prepared a separate exhibit on the installation to which you refer.

Mr. Calland: Mark this Company Exhibit Number 201.

And thereupon the paper writing above referred to was marked for the purposes of identification as Company Exhibit Number 201.

Q. I have you what has been marked Company Exhibit Number 201, and ask you whether that is such an exhibit?

A. It is.

Q. Now, if you will refer to that exhibit and tell us the

5573

[fol. 3724] results of the observations on that job with reference to the man hour performance on excavation, backfilling and tamping.

A. The cubic yards per nine hour day——

Q. What page do you find this on?

A. On Page Number 1 of Exhibit 201, the right hand column, the cubic yards per nine hour day for hand excavation is 3.03.

The cubic yards per nine hour day on hand backfill, you will note there are two figures. The one figure of 8.65 cubic yards per nine hour day includes the volume occupied by the pipe. The second figure of 7.41 excludes the volume occupied by the pipe and is the figure which we used in the summary.

The figure of 5.29 represents the number of cubic yards per nine hour day observed as to hand tamping.

We have combined these figures in order to get the hand tamping, hand excavation and hand backfilling together, and we have the figure of 1.54 when we include the volume of the pipe, and 1.53 when we exclude the volume of the pipe.

Q. You have some information on that page as to laying and jointing. Will you explain that, Mr. Ferguson?

A. We observed laying and jointing on the Broad Street job also, and we obtained a result of 2.86 linear feet per man hour when we take the fittings into consideration, or 2.865 per trench foot per man hour.

Q. The other pages of Exhibit 201 are explanatory of the conclusions on Page 1, are they not?

A. They are simply to back up our page 1.

Q. Now, Mr. Ferguson, have you in your possession the work sheets and data from which the computations contained in these two exhibits 199 and 201 were made?

A. I have.

Q. Have you them here?

A. I have.

5574

[fol. 3725] Q. You have named the men who made these observations. Are those men all here?

A. Yes, sir.

Q. In the hearing room?

A. In the hearing room.

Mr. Calland: Now, if the Commission please, we have, as Mr. Ferguson told you, all of these men who made these observations and all of their worksheets in the hearing room. Whether the Commission desires us to proceed to put each one of these men on the stand and have him testify that he made the observations at the points Mr. Ferguson said he did, or whether it would be satisfactory to the Commission and the city if we say to them that the worksheets are here and the men are here for any questions they want to ask or any examination they want to make of the work sheets. I want to say, however, that these are original work sheets, they are too bulky to be copied, it is impossible to photostat them or copy them. Any investigation made, we would ask that it be made at some place convenient in the company's office where these records can be made available to the city.

Commissioner Geiger: Possibly it might be of some advantage if you would put one of your men on and explain the methods of his observation and what he did and so forth, not all of them.

Mr. Calland: I want to offer in evidence then Exhibit 199.

Mr. Huffman: We object to it.

Commissioner Geiger: What is the ground of your objection?

Mr. Huffman: Oh, it is a set-up which we think is incompetent so far as proving the facts in this case. We don't

5575

[fol. 3726] believe that the data set forth therein has any bearing on what the construction should be in a wholesale construction as against mere piecemeal and repairing and so forth, different management. Naturally, a city construction is largely political as against an efficient management company such as we are supposed to be facing here, and we feel it is wholly incompetent.

Commissioner Geiger: Objection overruled.

Mr. Huffman: Note an exception.

And thereupon the paper writing last above offered was introduced and admitted in evidence on behalf of the Columbus Gas & Fuel Company, subject to the above objection

and exception, and is herewith submitted marked Company Exhibit Number 199.

Mr. Calland: I want to offer next Company Exhibit 200, which is the map.

Mr. Huffman: Well, we have the same objection. Of course, that follows the exhibit 199.

Commissioner Geiger: That is admitted.

Mr. Huffman: Note an exception.

And thereupon the map above offered was introduced and admitted in evidence on behalf of the Columbus Gas & Fuel Company, subject to the above objection and exception, and is herewith submitted marked Company Exhibit Number 200.

5704

[fol. 3727] Ferguson cross-examination:

I merely took the quantity in cubic feet; you see all of these observations have to do with cubic feet of excavation and backfill and tamping. It is all in trench, that is, it isn't a big square hole, so we have more or less disregarded length in most cases, although if you will ask the specific question as to the length of certain jobs, we would have to ask you to permit us to get those from our working papers.

Q. You made up the part of the performance included here then for the year 1927 from data which was in your office or which Mullin had from the time work was performed, am I correct in that assumption?

A. Which Mr. Mullins, who had made the observations in that year, gave me.

Q. None of that work was observed by anyone specially as were some of your 1930 projects?

A. Mr. Mullins. I think those are the jobs that Mr. Foster, I believe is his name, of the Commission, went out on.

Mr. Turner: What is his name?

The Witness: I think it is Mr. Foster. Counsel knows his name. They were out there and also observed those jobs, so we thought it would be a good idea to use them.

Q. Is the same true of the observation for this October, 1931 project?

A. No, we were just sort of wanting to get some information as to the speed of men doing gas main installation and we had a man on that job.

Q. Practically all of the observations for which you have work sheets and for which you have included figures in exhibit 199 as performed by the Columbus Gas & Fuel Company since December 31, 1929, isn't that true?

A. That is true of all the observations, not only the Co-

5705

[fol. 3728] lumbus Gas & Fuel Company. You see, these observations were just brought in here to introduce some actualities into the case.

Q. Yes. And those observations were not reflected in the performance used by the company in arriving at its reproduction cost as set forth in Welker's Exhibit No. 2?

A. No, sir, that depended entirely upon our judgment and experience. These costs or observations were merely brought in to introduce some actualities into sort of a theoretical case.

Q. Well, couldn't you have taken observation of your performances over a period of years, say back through '27, '28 and '29, the same as you took the data for these three projects in 1927 and October, 1929, in order to discover what the real performance of the Columbus Gas & Fuel Company had been over a period of time?

A. Why, if those had been taken, why, we could have used them, but when I started to work up this appraisal, I mean the part I had assigned to me, why, there wasn't any such information available. If we could have used them we probably would have looked at them, I don't know that we would. This appraisal is a result of our own judgment and experience. You see, we didn't go out and make these observations and use the observations to make the appraisal. We knew what we should do before we made any observations at all. We merely made the observations and brought them in here so I wouldn't sit up here and give you my opinion and have one of your men sit up here and give us his opinion. We wanted some actualities introduced into the case.

Q. Well, didn't you have at your command any actualities over a period of years just prior to the date certain

5706

[fol. 3729] here except the figures for 1927 and 1929 which you have used?

A. No, we didn't have. The Columbus Gas & Fuel Company or hardly any gas company that I know anything about, they don't keep unit cost figures like excavating and backfilling and tamping. When the job is over they can tell you how many dollars they spent on the job, but they can't tell you how many dollars they spent for each particular part of the job. We had a man up on the Spruce job, the Engineering and Management Corporation had a man up there because we wanted to know how much time and cost was reflected in each of the functions and they didn't have any information like that, and that is why we put a man up there.

Q. Do you mean to say then that the Columbus Gas & Fuel Company in making up its appraisal for the purposes of this case did not have concrete data at hand of its experience in order to arrive at the performance which it used in making its appraisal for this purpose?

A. Why, no. We had an over-all picture. In 1927 the Gas Company constructed about a hundred miles. Now, we knew how much it cost to construct that hundred miles, and that is about 25 per cent of the plant, and I don't want to have this figure used in the case, but I understand it was about a million and three-quarters, it might have been a million and a quarter; Mr. Walker testified to that. And if we would take that amount of money and apply that against that amount of pipe, it checks in very closely to what we used in the appraisal. Now, as a matter of fact, I think it is more money than we used in the appraisal. Now, that is just the result of a conference that I had with Mr. Welker at the time when I was working this up.

5707

[fol. 3730] Q. You mean to tell us, though, that the company's engineers departed from its actual experience in creating the performance which was used in the appraisal for the purposes of this case?

A. If we had set up what we actually expended it would probably have been twice as much as we put in the appraisal. You know when they make an extension—this is highly theoretical, you don't jerk all the mains out of the ground and go out and build them again, and out there—you can go to any gas company job and there are certain

functions on that job, like digging out dirt or throwing back dirt, if you will observe enough of that, then you can get an idea in a rough sort of a way as to the speed at which the men are working, but if you charge the time of hauling the tool box out on the job, the time of having maybe a foreman and a straw boss for eight or ten men and hauling an air compressor out and all that sort of thing for a job 300 feet long and try to put that cost into the appraisal, we would have probably twice the cost we have got into it.

Q. You mean to tell me and tell this Commission that if the actual cost of constructing this property by the company were more favorable to it than an estimated or theoretical reproduction of it as it sets it up, that it would not use the actual?

A. Why, of course, we would not use the actual. We are not here on a historical basis. It is reproduction cost new on a wholesale lot. There are plenty of things, if we had wanted to work in favor of ourselves we could have. We don't throw out everything that is unfavorable to us.

Q. Then you are standing by your guns on the statement that if you used the actual cost as a criterion here, you

3708

[fol. 3731] would have arrived at a figure twice as large as what you have?

A. It might be as large and a half, it would be quite larger, it would be much larger. That isn't hard to grasp.

Q. That is trimming it a little. Can you trim it a little more?

A. Let's just leave it that it is much larger. Just so it is larger, it would be a satisfactory bargain when you get it cheaper than what it costs.

Q. You make that statement without any reservation, do you, Mr. Ferguson?

A. Absolutely.

Q. Are you familiar with how Mr. Welker arrived at the performance costs which were used in the appraisal here as of December 31, 1929?

A. Was that in Exhibit 6?

Q. Well, Exhibit 6 is the detail, I think.

A. Two is the summary, isn't it?

Q. Yes.

A. I am familiar with that on the main.

Q. What a labor price did he use?

A. We used the labor price the company paid the men, 45 cents an hour for common labor, and I think maybe some of the straw bosses got 58 cents and the machine operator got 50. Anyway, they were actual prices which we paid to that particular class of labor which the company used on their work.

Q. Are you familiar with the performance which he includes there for excavation, hand excavation, backfill and tamping?

A. Yes, sir.

Q. What is that?

A. Are you asking for some particular size? It varies you know for every size and every kind. The average of all is 4.48 cubic yards per nine hour day for hand excavation.

Q. What is the average size, if you know?

5709

[fol. 3732] A. Average size?

Q. Of the pipes in this system?

A. There isn't any such a thing as an average size for a piece of pipe.

Q. What size is the majority length, what size have the majority lengths, just so we talk the same language. I think maybe you misunderstood me.

A. You want me to read the inventory to you? You have got it already in the case.

Q. No, I don't want you to do that.

A. Now, we will say, 3, 4 and 6 are the prevailing sizes, 3, 4 and 6.

Q. That is all right. I thought the average was around 4 to 6, but I wasn't sure. These will be satisfactory. Give us first the performance on hand excavation, backfill and tamping on four inch main.

A. There is a hand excavation on four inch wrought iron or wrought steel screw pipe.

Mr. Turner: That is on page what?

The Witness: Page 482 in Exhibit 6.

Mr. Turner: We have got the wrong exhibit here then.

The Witness: Page 182, the performance on 4 inch wrought iron or wrought steel screw pipe for hand excavation is 358 linear feet in 9 hours for a screw consisting of 12 laborers, a straw boss and a water boy and helper.

Mr. Turner: It is 14 persons, not 15? 14 or 15 persons?

The Witness: Oh, 14.

Q. What is your average then which you have for a nine hour day per man?

A. How many cubic yards per nine hour day per man?

Q. Yes.

A. Now, I think—these figures are very close, every one of them to each other, very close to that 4.48. It has been quite some time since I have looked through it, but I think

5710

[fol. 3733] it is very close to 4.48. It just happens to be 4.48 cubic yards per nine hour day on that particular side. That, I think, happens to come out exactly what the average of everything comes out, but that is merely a coincidence, doesn't mean anything.

Q. Yes. Now, that is hand excavation only. What do you have there for hand excavation, backfilling and tamping, for the three operations, the average?

A. We didn't take them that way. I would have to make you up a long, detailed answer on that. We took all the jobs together and then combined them. We didn't take just one side. I can give you each of those items on every size of pipe if you want to make that much detail in the record, but you will find out it comes out very close—in other words, the rate of hand excavation for the sizes doesn't vary very much at all, just maybe out in the last place, when we carry them to two places, you may get a point or two variation.

Q. I am not asking you that, I am asking you for a figure which corresponds to the one on page 3 of Company Exhibit 199.

A. I know what you want.

Q. For hand excavation, backfill and tamping.

A. I can't give it to you on that particular size of four inch from the stand. I will calculate it for you in maybe, say, 20 minutes after I am off the stand and tell you what it would be for that particular size. We took all our sizes together and got a composite figure for all the sizes in the town. That was just endless detail for us to do that and we didn't think it would be necessary, but we can give you the information on any size you want.

5711

[fol. 3734] Q. Would your answer be the same for the 6 inch?

A. Any size of pipe you wa-t that is in the appraisal. Just the long way of getting the answer on the summary sheet. We took the figures and got the cubic yards per foot of pipe and multiplied that by the length of the pipe and we got a total then of all the cubic yards of hand excavation all over town, then we took our per cent. of that, 75 per cent., then we took all of the hours that was required to do all of the work and we divided all of the yards by all of the hours, which gave us how many yards they did an hour, a man hour, yards per day or however you want to figure it, and that gave us 4.48, which gave us the average of all the sizes.

Q. But that 4.48 is only for hand excavation?

A. We did the same thing on hand backfill, hand tamping and machine excavation.

Q. What is it for hand backfill and tamping?

A. On the four inch?

Q. You said you had done it for all of them?

A. Altogether, yes.

Q. Since you don't have that, I am asking you for the total.

A. For hand excavations, hand backfilling and hand tamping combined in the appraisal we used two cubic yards per man per nine hour day, three combined operations.

Q. You arrived at two cubic yards even?

A. Two cubic yards even. Might have been 1.99, but two cubic yards is the answer when you carry it out to two places.

Q. But that was the figure you used for your reproduction of the entire plant?

A. As far as those items of those operations were concerned, backfilling, tamping and excavation, yes, sir.

5712

[fol. 3735] Q. But on the short extensions which you observed, you found a figure of 2.05, didn't you?

A. That is right, yes, sir.

Q. You arrived at a higher figure in your later observations than you did for the building of the entire plant at one time?

A. That 2.05 is the average on the Columbus Gas & Fuel Company of actual observations of those three items. All these Columbus Gas & Fuel Company jobs we did were sort of out in the suburbs where it is rather easy to work.

Q. Those weren't all suburban jobs, were they?

A. No, not all of them, but most of them were. As a matter of fact, one of them was up in Worthington.

Q. One that was included was a project at Spring and Third Street?

A. That was about a hundred feet long or something like that, I think about 127 cubic yards, and that, of course, you know we weighted all that stuff in and gave the large jobs a big advantage over the small jobs. The one at Spring and Third wouldn't have very much to do with the figure.

Q. What other downtown jobs were there?

A. Well, that is the nearest one to what I would call downtown. I sort of call that Spring Street one getting pretty close to downtown, but that is about the only one. We had to observe these where they occurred and there just didn't happen to be any work going on very close downtown.

Q. You merely took the work which was naturally before the company during the year 1930?

A. Just when we started out with these observations we tried to follow up as close as we could their jobs. Now, this one on Third and Spring was a very short job and we

5713

[fol. 3736] just went over there, was all, when they were doing it.

Q. I believe you stated on examination here originally that these figures in Company Exhibit 199, were arrived at by the use of prices and costs which the company used in its original appraisal?

A. In this appraisal here, Exhibit 2, yes.

Q. Did you make say computations along the line indicated by the Commission in its questions?

A. We made those, we have them ready.

Q. Are those set up such as will readily show the comparative costs of the different projects?

A. I must have misunderstood that first question. The information that the Commission asked me to furnish was how the maximums and minimums occurred, in other words, how much more difficult was one job than another. We didn't say that we could apply actual cost units to these jobs that we observed. We couldn't do that.

Q. Well, you did have the information of the company's actual costs that you could have applied, didn't you, for these projects?

A. We couldn't go over to the company's books and take off how much it cost to backfill or tamp or excavate, because they don't keep them that way.

Q. But you have the total cost and you knew how many man days were consumed on these various jobs, didn't you?

A. We knew how much time was consumed in doing the various operations.

Q. Naturally, you did not have the cost of the work which you observed being done by the Ohio Bell Telephone Company, did you?

A. No, we didn't have that.

Q. And you didn't have the city waterworks costs?

5714

[fol. 3737] A. No, we didn't have that.

Q. But you did have the Columbus Gas & Fuel Company costs, didn't you?

A. We didn't have them. We could probably apply some figure to them, but I am not sure that that would be very accurate; that would introduce another factor in here, too, you would have three sets of costs then.

5725

[fol. 3738] Q. Well, Mr. Ferguson, considering the variations which you find in comparing the projects observed and

5726

[fol. 3739] the variation between the projects themselves, do you feel that this amount of observation is sufficient to give a true picture for a task such as would be faced by the Columbus Gas & Fuel Company in reproducing the properties of the Company within the City of Columbus?

A. Of course, we couldn't observe 400 miles or anything like that. I made up a little table. In the appraisal there is a total cubic yards of hand excavation of 320,373.77. We have actually observed in this compilation of observations a total of 16,433.86 cubic yards of hand excavation.

Q. Yes, but what was the largest single project?

A. I would have to look through a lot of our books here to find out which was the largest single one. It has all been entered as an exhibit. That, to continue my statement, is 5.13 per cent. of the total amount of work to be done. In

other words, we have observed on hand excavations 5.13 per cent. of the amount of hand excavation which would be required if we did reproduce the total plant.

Q. You have observed that, however, in connection with not only the Columbus Gas & Fuel Company but the City Water Works and the Ohio Bell Telephone Company, haven't you?

A. That is correct, that is the total of all obesrvations.

Q. What per cent. does your observation of the gas company project bear to the total project of the company in reproduction?

A. I would have to make a calculation.

Q. Well, the total cubic yards observed for the Columbus Gas & Fuel Company as set forth in City Exhibit Number 114 is 2,445.59, isn't it?

A. Well, you took that exhibit away from me. If you will let me see it.

5727

[fol. 3740] Q. The figure I gave you is the machine figure, is it not?

A. That is right. The total cubic yards of hand excavation observed on the Columbus Gas & Fuel Company jobs is 1,092.15.

Q. What per cent. would that be then of the total?

A. Well, that would be—hand excavation, you would have to take and divide that figure by the total cubic yards of hand excavation. I could do it on a calculating machine or slide rule or something like that. 1,000 divided by about 320,000.

Q. Comes a very small ratio, doesn't it?

A. Why, sure, that is a small ratio.

5737

[fol. 3741] Q. I didn't ask you that, but that is all right. Are you familiar with the average depth at which water mains are installed?

A. Yes, I think so, these installations that I have seen around town.

Q. What is the average depth of water main installation?

A. I imagine around five feet or something like that

5738

[fol. 3742] would be the average.

Q. What is the average depth of installation of gas mains?

A. We have used in the appraisal two foot six cover.

5739

[fol. 3743] Q. In the city of Columbus?

A. In the city of Columbus. The average from Mr. Mullin's observations ran along about that, but I have actually seen mains much deeper myself.

Q. But you considered it to be a fair average at the what was it, two and——

A. Two foot six cover over top of the pipe.

Q. With a two-foot six cover, did you not?

A. Well, Mr. Mullins had made considerable investigations and he told me that two foot six was about the average cover, and I, with Mr. Welker's permission, I used two foot six average cover for all mains in the city of Columbus.

Q. In your opinion and experience there is considerable difference in excavating a trench two feet six inches deep or three feet deep as against five feet depth, don't you?

A. Well, they don't work very much slower down there. The hardest part is getting started, getting the hard dirt broken away. After they get down deeper, unless they get down way over their head or something like that, there isn't much difference.

Q. Well, five feet is getting pretty well up toward the head of an average workman, isn't it?

A. Yes, it is. But they throw the dirt on up there about as fast. It is a little bit slower and we have used—you want to remember we haven't used what we observed, you know.

Q. But nevertheless the installation becomes more difficult and the performance slows up as you go down, doesn't it?

A. To a slight extent.

Q. Well the last few feet require more time?

A. I would say they required slightly more time, not very much.

Q. Are you familiar with the depth of installation of

5740

[fol. 3744] telephone conduits?

A. Well we only have three jobs there and this one is very small. I saw two of those jobs and the one up on 24th and Cleveland, that was very shallow up there, as a matter of fact it wasn't a bit deeper than what we lay our gas mains at.

Q. On East Broad Street, how deep did the telephone company's contractors dig that ditch?

A. That is dug pretty close to five feet.

Q. That was, comparatively speaking, about the same depth as the water mains, wasn't it?

A. Well yes, that was getting along about the same depth as the water mains.

Q. Mr. Ferguson, where there is a wide variation between performances on jobs such as you have testified we will find in Company Exhibit No. 199 and City Exhibit No. 114, isn't it a fact that the larger the project observed and the more observation you have the nearer you will arrive at a correct figure?

A. Well, generally speaking, that would be true, because any errors you might make in observing or any time that they might require to take out some obstacle would be spread over a longer job, but now, for instance, on some of these jobs, why, it runs just the other way.

Q. Would you say that the observations here set forth by you of these projects were sufficiently extensive to be directly comparable to the task of reproducing the Columbus Gas & Fuel Company properties as of a date certain?

A. No, I would not think they would be the right thing to use. If they had been I would have put them in. They work out a little bit too low.

5743

[fol. 3745] Q. You are inclined to minimize that depth of trench?

A. Yes, that doesn't make so much difference.

Q. Would you say that, spread over the entire three or four hundred miles of line within the city of Columbus, that a difference in the depth of excavation from three feet to five feet or five and one-half feet wouldn't make a tremendous difference, Mr. Ferguson?

A. Just the excavation alone, it would make quite a bit of difference. You can see what difference it has made on just the ones we have observed, 2.80 for the city and 4.48 for the appraisal.

Commissioner Bricker: Do you attribute that difference wholly to the matter of depth or are there other factors entering into it?

The Witness: Well, I don't know just exactly why the city only performed at that rate of speed or anything like that. The depth probably had a little bit to do with it.

5906

[fol. 3746] Mr. Kellogg further testified:

(Question read.)

A. We have had men there that could do a good day's work, and we have had men that could not do a good day's work. Some of the men are in the neighborhood of 70 or

5907

[fol. 3747] 75; others are in the neighborhood of 20—not 20—25 to 30. Some of them are crippled men. In other words, for the last two years we have been doing more of this work for charity than we would have done if it had not been for unemployment.

Q. Some of those men that you were employing were men who would not pay their water bills?

A. Yes, sir.

Q. And you put them on so they could pay their water bills?

A. Yes, sir.

Q. In other words, do you employ men with the idea of getting a job done quickly?

A. Well, that all depends on the job.

Q. But within the last two years, have you employed——

A. On construction work. On maintenance work we employ men that do work quickly.

Q. But for construction work, where you have hired laborers for that purpose within the last two years, have you employed men with the idea of efficiency of performance?

A. No, sir, we have not.

5909

[fol. 3748] Q. Now, Mr. Kellogg, on all of those projects, did you employ the type of laborers concerning whom you have just testified here?

A. Yes, sir.

Q. How many different men have you employed in the city water works construction jobs within the last two years, including those jobs?

A. Between 12 and 1500.

Q. From the standpoint of efficiency what performance do you figure you are getting from these men?

A. About half.

Q. From your experience and observation in average construction work in Columbus, what would you consider proper performance per man day of eight hours for excavation, back-filling and tamping on that job?

Question objected to by the Columbus Gas & Fuel Company.

Commissioner Bricker: If he knows let him answer.

A. About 3½ cubic yards, that is, excavation and backfill.

Q. And tamping?

A. That is included in backfill.

[fol. 3749] Gas Holder

The Columbus Gas and Fuel Company

427

[fol. 3750] L. E. WELKER further testified:

Q. Mr. Welker, you have in your inventory and appraisement a holder tank?

A. I have, Mr. Butler.

Q. And I assume it is the same holder tank that we had some time ago?

A. It is the same holder tank.

Q. In what way are you using that now?

A. It is used for the same purpose that it always has been, as a reserve storage capacity for distribution purposes.

Q. Have you a log showing how much gas is passed into it and out of it?

A. I have not, Mr. Butler.

Q. Don't you keep that?

A. I do not.

Q. I realize that, but I mean does the Company?

A. I do not believe it is the ordinary practice to measure gas in and out of a holder in an ordinary company.

428

[fol. 3751] Q. Well, do the Company records show when and to what extent it has been called upon to assist?

A. I do not believe that there is a company record, though the operating man might know. It is my opinion that the holder is what they call "floating on the line" carrying storage most of the time when there should be or could be a call for the holder use.

Q. Of course, the controversy is whether it is used and useful, and you have determined that it is both used and useful?

A. I have, Mr. Butler. I know that. I see a welder spending a good deal of money on certain repair work for the purpose of keeping it in good used and useful operating condition.

Q. And the fact that it might not have been called upon for many years would not influence your judgment?

A. It would not.

Q. Do you think that you can ascertain for us to what extent it has been used since our hearing in 1925?

A. I will make an effort to furnish you the information.

515

[fol. 3752] Cross-examination:

Q. Now, what is it used for? Is it used simply as a reservoir in which your gas accumulates under pressure from your pipe line, and in the event that pressure should stop, they would have some gas in that retort?

A. It is used as an additional reserve supply of gas that can be filled up, for instance, in the night season, when your load demand would not be great, and in the morning or the daytime when your service demands would be great on your low pressure system, you could empty the holder tank to furnish the additional service demand.

Q. Well, you say you could do it, but do you do it now?

A. It has been used during the periods when it has been necessary during the last five years and the many years heretofore.

Q. Well, would you be able to say to us whether or not if you were building a new up-to-date plant you would rebuild that structure.

516

[fol. 3753] Mr. Turner: I object. It is to save the record, Your Honor. That involves the prudent investment theory.

Chairman Geiger: No I think not. I am getting to the next question.

The Witness: I would recommend building a holder as a reserve capacity for the plant.

Q. Like this one?

A. It might not be just exactly like this one.

Q. Would it be larger or smaller than this?

A. I would say larger.

Q. Then the next question I would like to ask you, whether or not there is an element of obsolescence in that tank that you have not taken account of?

A. No, sir, I don't know of any. It is not a type of holder that is abandoned from use. To the best of my knowledge they still construct them.

Q. But it is not an approved holder? Was it made to perform the services for which you now use it, or was it made to hold artificial gas?

A. I believe it was made to hold artificial gas when it was first constructed.

Q. You simply appropriated it for the purposes of a reserve retort to take care of the variation in your pressure?

A. Not only to take care of the variation in the pressure, but to be able to provide an adequate supply of gas at a time that you might need it.

Q. Does it operate up and down now daily or not?

A. It may operate up and down some days, and the days you do not take gas out of it, of course, it would not.

Q. You think there is no element if obsolescence in it in spite of the fact that it was originally constructed as an

517

[fol. 3754] adjunct to an artificial plant and has been appropriated to some use in connection with a natural gas plant?

A. No, sir.

Q. No element of obsolescence?

A. No, sir.

Chairman Geiger: All right, that is all.

By Mr. Butler:

Q. Did you bring in the log of the use of that?

A. Mr. Butler, I endeavored to see if there was a log. There is no meter measuring gas into the holder or meter measuring the gas out of the holder. The holder is connected up and is constantly filled with gas. Now, the last time it was operated, to answer the question you asked me yesterday, was I believe in March this year. The holder has been operated in its uses during the other preceding winters to this one back to 1905, which I believe was the question you asked me. Now, I have asked the boys to look up any charts that might indicate indirectly the action of the holder.

Q. Well, when you speak, you are speaking from records now?

A. That is what I am endeavoring to find, if there is any type of a record.

Q. You have been giving some information, that is, record information, you had in the office?

A. No, I had to get the information, as I stated yesterday, from a man who was acquainted with the operating of the holder. There isn't a record that I can go to the office and put my hands on it which states the day that the holder was operated.

671

[fol. 3755] JAMES P. STRICKLER further testified:

Q. Are you familiar with this holder that we have been talking about this morning here?

A. I am.

Q. Do you know whether it has been used?

A. I do.

Q. What is the fact as to its use?

A. The holder was tied into the Columbus Gas & Fuel's natural gas system in the year 1912, I believe it was or thereabouts. Let me see. 1913.

Q. You say it was tied in in 1913?

A. And used as a relief measure during peak loads ever since that time.

Q. Now, just to clear us all up on that, Mr. Strickler, I think there have been some impressions traveling around here that the holder was turned on and off at times; is that true?

A. That is correct.

Q. Now, when would it be turned off? Any particular parts of the year?

A. In the summer time the holder is not used at all.

672

[fol. 3756] Q. And what times of the year is it used?

A. I can give you the exact dates it was used last year. Pardon me. I have it here.

Q. All right, do that for us.

A. I have a record here and also the charts which will verify the statement in case you want to use them as an exhibit.

Q. Now, before you read your tabulation there, tell us about these charts that you have? How are they made?

A. They are made by a recording implement.

Q. Where is that recording implement located?

A. In the office of the Columbus Gas & Fuel Company.

Q. With what is it connected?

A. To the low pressure system.

Q. To the low pressure system?

A. To the low pressure system at the office.

Q. What relation does it bear to the holder, if any?

A. It is connected directly to the low pressure lines leading to the holder.

Q. Does this Bristol record pressure gauge graph show the use of the holder?

A. It does, that is, the periods in which it was used.

Q. Now, that is an automatic registering instrument such as is used regularly by gas companies?

A. It is.

Q. Just give us the result of those registrations.

A. During the year 1929 and '30,—no, '29 on January 8th it was used for six and three-fourths hours.

Q. You say "it". You mean the holder?

A. Yes, when I refer to "it" that is what I mean.

January 15th, it was used seven hours;

673

[fol. 3757] January 16th, it was used six and one-fourth hours;

February 7th, it was used three and one-fourth hours;

February 19th, it was used three and one-fourth hours;

February 20th, it was used six and one-fourth hours;

And on February 21st, it was used fourteen hours.

The length of period in which the holder was used depending on the temperature on whose dates.

Q. Now, I wish that you would explain to the Commission the function of the holder? Is it a stabilizer of pressure? If so, why is such a stabilizer of pressure required?

A. I would not say that it was used as a stabilizer. It is used more to build up the low pressure system during peak loads caused by the demand on the system by the consumption thereon, the gas from the holder being driven into the mains by a blower, centrifugal force, operated by an electric motor.

Q. When is the peak load on the Columbus Gas & Fuel Company's mains?

A. Usually comes at noon and from five o'clock on to seven or thereabouts.

Q. What is the fact as to whether or not a number of industrial plants are connected to the Columbus Gas & Fuel Company?

A. There aren't a great many at the present time.

Q. Were there in 1929?

A. There were not.

Q. The industries south of town here are not connected to the Columbus Gas & Fuel Company's lines?

A. No.

Q. Nor the Federal either?

A. I think they are—no, they are connected with the Ohio Fuel.

Q. What would be the effect upon the service to consumers if the company did not have that holder, did not have and use that holder?

A. We would have had a great many complaints in what

..674

[fol. 3758] we would call the downtown district, and ranging anywhere from Pearl and Columbus Street on the south to Washington Avenue and Noble Alley on the southeast, to Jefferson avenue and Buckingham on what would be the northeast of that section, and to the railroad track directly north, the holder having a direct effect on that territory.

Q. From your long experience with the company, what do you say as to whether or not that holder is a usual mechanism for the purpose of distributing gas in Columbus?

A. In my estimation it is very valuable.

Q. What is the fact as to whether if the company did not have that holder it would have to have larger mains?

A. I think that is true.

Q. More expense would have to be put upon the mains if they didn't have that?

A. I think that is true.

Q. And that is needed only a part of the year, is it not?

A. That is true.

Q. And then a part of the days of the year during your peak loads?

A. Yes, sir.

By Chairman Geiger:

Q. You mean that you use it every day of the winter season?

A. No, sir.

Q. Only the days that you have read?

A. Just these days that I have read, when the peak load is on, and the demand for gas is great all over the country, and there being an insufficient delivery to the city to take care of our peak loads during those hours, this is a reservoir with which we have supplied them at that time.

Q. If we would compare those days on which it is used, you would find they would be the days on which the weather

675

[fol. 3759] was severe?

A. Yes, sir.

Q. And days, even though it be in the winter time when the weather is not so severe, you do not call upon it?

A. Do not need it because of the adequate supply.

Mr. Turner: Then it would be regulated not only by the temperature but by the failure of the supply company to have pressure for some reason or other.

The Witness: That is true.

Chairman Geiger: Sort of a safety valve is what you might call it?

The Witness: Yes, sir.

By Mr. Turner:

Q. In what condition is that holder?

A. Physical condition?

Q. Yes.

A. I think in 1919 I gave my estimate on that holder as being 85 to 90 per cent. of its physical condition. In 1925, if I remember correctly, I corrected that, and then stated that I thought the holder was in about ninety to ninety-five per cent. of its physical condition. In 1928, I had the holder sandblasted throughout, and the conditions in which I found the holder at that time verify my estimate of its physical condition in 1925. I would say that that holder has anywhere from 90 to 95 per cent physical condition.

578

[fol. 3760] D. J. DEMOREST further testified:

Q. Tell the Commission just how that holder works over there; describe it now, how you get it in——

A. Well, roughly, a holder is made of two vessels; one is right side up and the other is upside down; in the right side up vessel, that is the one with the bottom on the ground and the top open, that is the bottom part of the holder which holds the water; floating in that water and upside down is the other holder into which the gas is pumped and that second vessel upside down rises and falls as gas is pumped into it or out of it, the weight of the lift or the upside down holder being just sufficient to give the adequate pressure on the gas.

Chairman Geiger: I did not get that.

The Witness: If you have—for instance, if you have—suppose you had a holder of——

Chairman Geiger: Well, let me ask you this question, to get at what I want; you say that holder gives you a pressure on the gas; now assuming that the gas pressure on the pipes is equal and does not vary, the holder would have no function, would it?

The Witness: It would just be an equalizer; it would be just floating on the pressure is all. Now if the pressure——

Chairman Geiger: Now—well, go ahead.

The Witness: Now if the pressure in the distribution

579

[fol. 3761] system lifting the holder drops down, then the holder drops with it, forcing gas out into the distribution system.

Chairman Geiger: Yes, but that would take into consideration that your pressure from your pumps varied;

there could be no greater pressure from the collapsing of that holder than the pressure that was necessary to lift it up?

The Witness: Well, the pressure that was necessary to lift it up, that is exactly equal to its downward weight, and if there is no pump between the holder and the distribution system, then the pressure in the distribution system is governed absolutely entirely by the pumps behind it; all the pumps behind it has to do to keep putting gas into it as fast as it runs out.

Chairman Geiger: Nevertheless, if the tank were shut off and did not rise and fall and the pressure were equal and even, and the gas is sufficient, you could get along just as well if you did not have it?

The Witness: Oh, yes, if the pumps could keep pumping gas into the distribution system at a rate which was just equal to the rate of consumption of gas, then the pressure of gas in the distribution system would be in effect the same as if the holder were in use.

Chairman Geiger: Would you permit me to ask you this; can you compress the gas with the pumps behind it or not?

The Witness: To no higher pressure than the pressure of the holder.

Chairman Geiger: All right.

The Witness: That is, the gas as it comes to the holder cannot get any higher than the pressure in the holder.

580

[fol. 3762] Chairman Geiger: That is, the gas that comes into the holder cannot be of any higher pressure than the pump*t* that pushes it into the pipe?

The Witness: That is right.

Chairman Geiger: All right.

By Mr. Butler:

Q. In other words, this is a floating reservoir of gas in the system?

A. That is it exactly.

Q. Operating all the time?

A. Just the same as if you had a lot of storage batteries in an electrical system and when the power plant was generating more power than was being consumed it would be spent in chargeing the storage batteries; just as soon as the consumption of electricity would drop down below that

which is being delivered by the generating system, then the storage batteries would commence to discharge into the system.

Q. And that is your understanding of the way in which it has been used through the years?

A. That is right.

584

[fol. 3763] By Mr. Butler:

Q. You do not understand that they ever use this as a mere reservoir which they lock up so to speak, and then let out in case of an emergency?

A. No, there would be no point in doing that. If the reservoir is kept—if the dome is kept up all the time it is always ready for an emergency.

Q. I did not mean to interrupt you, Professor, but if it be not on the floating system, as you have talked about, it simply would be mismanaged, wouldn't it?

A. Yes, there would be no point in having it unless you are using it.

689

[fol. 3764] Mr. STRICKLER testified:

Cross-examination.

By Mr. Butler:

Q. There is one matter now about which I should like to inquire to remove all doubt, Mr. Strickler. I think you heard Professor Demorest talk about this holder as a sort of a floating system, with continuous action. Now, I do not understand that that is so. Wasn't he mistaken about that?

A. I think, Mr. Butler, that the Professor was mistaken. In fact I know he was mistaken as to his manner of extracting the gas from the holder into the distribution system, in the manner in which it was done.

[fol. 3765] Q. This kind of a holder is what you and I have always really called a reservoir?

A. That is it.

Q. Yes, in which you hold——

A. Which you store in.

Q. To feed in in emergencies?

A. Yes, sir.

Q. That is your theory of it?

A. Yes, sir.

Q. Instead of it being useless when used this way, you would say it would be almost useless used the other way, wouldn't you?

A. Only in the way the Professor explained it to you, it would be devolve- upon the weight of the lifts of the holder to drive the gas into the distribution system. That is all right where you have a pressure of one or two or three ounces.

Q. Yes.

A. The lift of the holder being sufficient to supply the pressure for that. Where in a gas system such as we have here the pressures range anywhere from five to seven ounces, it is necessary then to use mechanical means to supply the gas from the holder in the distribution system.

690

[fol. 3766] Q. Really his theory might be all right with an artificial gas system?

A. Yes.

Q. Exactly. Now, you fill up that holder and keep it there, don't you, until you need it?

A. Yes, sir.

Q. You not only let it out when you need it, but you force it out, give it additional pressure, don't you?

A. Yes, that is right.

Q. With a motor or pump?

A. With a centrifugal pump on it driven by a horsepower motor.

Q. What is the horsepower of that?

A. The horsepower of the motor, I think, is 50.

707

[fol. 3767] FRANK W. PHILLIPS further testified:

Q. At what pressure do you deliver gas to Columbus?

A. That is, you mean to the point of measurement?

Q. Where it is taken off, where you cease to control it?

A. From 50 to 75 pounds.

Q. How stable is that pressure?

A. That pressure is very stable as long as we do not have prolonged zero spell. Then when you are operating all of your mechanical equipment at your compressor sta-

tion, if one of your compressors goes down or two of them
708
[fol. 3768] go down, it reflects upon the terminal end of your pressure as well as on the initial pressure. But I can say that our pressure in the vicinity of Columbus has not dropped below the fifty pounds for two or three years.

Q. For two or three years?

A. Yes, sir.

Q. Do you in your judgment have sufficient pumping or pressure capacity to afford Columbus a proper pressure throughout the year?

A. That is you mean Columbus alone or the whole group?

Q. I am thinking of Columbus. That is what I am interested in. You can answer it in any way you think best.

A. Our compressor stations are of ample capacity to supply our maximum condition, our market demand, providing the zero spell or continued cold wave does not extend over a great period.

Q. Have you had any such period the last two or three years?

A. We have had several such periods when it was necessary for us to utilize our gas holder in Columbus and utilize our gas holder in other cities.

Q. I thought you said your pressure had not dropped below zero for the past two years?

A. I am speaking of abnormal conditions, Mr. Butler. I don't know of any time when all mechanical equipment was operating a hundred per cent. that our pressures would drop low.

708
[fol. 3769] Q. Well, of course, that puts me back where I started. Haven't you a mechanical recorder that gives the pressure throughout the year?

A. Yes, sir, we have a recording pressure gauge at various points in the city on the main lines.

Q. I am speaking of the point where you turn the gas over to the city?

A. Yes, sir, we have recording pressure charts.

709
[fol. 3770] Q. Would it be possible for us to see those for the year 1929? That would settle it.

A. Yes, I think we can arrange to get those for you.

[fol. 3771] Mr. Butler: Mr. Turner, I asked your Mr. Phillips when he testified about the pressure, he was to give us a chart, a graph of the pressures at the city gates.

Mr. Turner: On what page was that?

Mr. Butler: Oh, I don't know.

Mr. Turner: I have looked to find out all of your requests, but I missed that one. I read each and every one of them, but I overlooked that. What have you got?

Mr. Butler: You should have told me that you read them all.

Mr. Huffman: Just at the close of Phillips.

Mr. Turner: Is it there?

Mr. Huffman: Will furnish 1929 pressures for Columbus.

Mr. Turner: Well, I apologize if I have missed that one —I have been careless. Maybe I was not looking at that fellow. I thought I had them all. Well, we will get them for you if you have asked for them.

1440

[fol. 3772] JAMES P. STRICKLER further testified on cross-examination:

By Mr. Butler:

Q. Mr. Strickler, in respect to the use of this holder, in 1925 when you testified—page 1082 of volume 1, I think—I think that is Volume 1; at least it is 1082; you said in respect to the holder: "It has not been used in the last two or three years for maintaining pressure in the city at all."

A. There was a period in there, Mr. Butler, that we did not have to use it.

Q. Why not?

A. Because of a sufficient supply.

Q. Well, is the supply worse now than it was then?

A. That depends entirely on weather conditions; in extreme cold weather—if we had extreme cold weather during that period for any length of time we would have had to use it. The excessive cold and a continuation of it is what requires the use of the holder.

Q. But speaking of the general supply of gas that is much better now than it was in 1925?

A. I do not know as it is.

Q. Why, you knew what it was in 1925?

A. I know we have had the gas at the gateway more uniformly than we had in 1925; just what arrangements were made to give us that I do not know; probably by connection with other companies that would give us the gas at our gateway here.

Q. As I recall, in 1919 when you testified you said it had not been used for a year prior thereto?

A. If I testified to that effect, that is true.

1445

[fol. 3773] Chairman Geiger: You do not run that gas through the original pipe that was laid in 1889 but hook on at a more distant point in the outskirts of the city?

The Witness: For your information I would say that what we call the medium or high pressure system is all tied in so that we can feed from any one of these points——

Chairman Geiger: I see.

The Witness: To get the proper distribution.

Chairman Geiger: Your high pressure system may supply gas in any quarter of the city?

The Witness: Yes, sir.

Chairman Geiger: And from any feed line?

The Witness: Yes, sir.

Chairman Geiger: Or from all feed lines as required?

The Witness: Yes, sir.

Chairman Geiger: And that comes in under a pressure that is supplied where?

1446

[fol. 3774] The Witness: At the gate.

Chairman Geiger: At the gate?

The Witness: Yes, sir, of the city.

Chairman Geiger: That is when it reaches or before it reaches your distribution lines?

The Witness: Yes, sir, before it reaches our distribution lines.

Chairman Geiger: Now have you pressure equipment within the limits of the city to control the flow of gas through your pipes?

The Witness: Yes, sir.

Chairman Geiger: Many or few of those?

The Witness: There is about, in the city proper, in the Federal and the Columbus Gas & Fuel systems combined, I think pretty close to 150 distribution regulators.

Chairman Geiger: How are they operated?

The Witness: Automatically.

Chairman Geiger: Are they operated to cut down the pressure that comes in from the outside?

The Witness: They operate to reduce the pressure into your low pressure system from pounds to ounces.

Chairman Geiger: But none of them are operated to increase the pressure?

The Witness: No, sir.

Chairman Geiger: You rely on your outside pressure?

The Witness: We rely on the stations, for instance, the Linden station that——

Chairman Geiger: Never mind being specific.

The Witness: Well, I want to tell you there is where the pressure is controlled into the city, from the Linden sta-

1447

[fol. 3775] tion and from the Baker Hill station and from the Alum Creek station; that is what controls the medium pressure into the city.

Chairman Geiger: Have you three pressure-, a high, a medium and a low pressure?

The Witness: If we would call the field line the high pressure, and the high pressure in the city the medium, and then the low pressure, you would have three distinct pressures.

Chairman Geiger: But all the pressure originates from the pumps outside or at the gateway?

The Witness: Yes, sir.

Chairman Geiger: And any device you have within the city limits is to reduce the pressure?

The Witness: Yes, sir, the only means——

1459

[fol. 3776] Q. Now there is an impression in the case here that by boosting the pressure you get more gas; what is the fact? We could admit that by boosting the pressure you might furnish more gas through, but what is the practical fact as to what you are able to do in serving gas to customers?

A. A distribution plant should never carry more than seven to eight ounces on its low pressure side; therefore,

if you are unable to maintain a pressure at your extremities of from three to four ounces it is necessary to run a medium pressure line to that to bolster it up at that point, and thus maintain a uniform pressure on the low pressure system.

Q. Now let us take this line running out here into what we will say is a subdivision, and it gets down to where, on account of increased patronage in that subdivision, the line is inadequate; then what would you do?

A. It would be necessary then to locate a regulator at this point and tie it into this distribution system and boost your pressure to the four or seven ounces, whichever you use on your distribution system.

1460

[fol. 3777] Q. Now suppose that on one of these four ounce lines which run in a square within the square trouble would develop either through more service or more customers or for any other reason; what would you do to supply the emergency?

A. We would, in the emergency, we would perhaps boost the regulator three or four ounces to take care of it during that peak load. The next year the probabilities would be that there would be a low pressure feeder line laid out to supply that emergency.

Q. Has that been done?

A. Yes, sir, that has been done.

1474

[fol. 3778] Q. Mr. Strickler, I have not yet understood—and that is not a criticism of you or other gentlemen—just how you determine the effect of that holder; as I understand, the measurements are taken down at or near the gas office?

A. The records of the pressure are taken in the gas office, Mr. Butler, by recording gauge.

Q. Just back of your meter?

A. Yes, sir.

Q. Just as——

A. No, no, allow me to correct that; there is a line run from the ten inch line on Long Street, a one inch and

1475

[fol. 3779] a quarter line run from there up to the office and is reduced to three-quarters inches and it comes into the office building and a gauge line run direct to the gauge. It is not off of the consumption line in the office, that is,

after it leaves the meter, it is off of the line in the street which gives us an actual reading of the pressure on that line.

Q. Is it on Long street near Front?

A. It is on Long Street at Ludlow where it is tied in and run up Ludlow to the office building.

Q. Where is this meter?

A. The gauge is in the office.

Q. Is this a special line for your office?

A. Yes, sir, a special line for that gauge only.

Q. Oh, I see, and has no connection with the line for your office?

A. Absolutely not; absolutely not.

Q. I get you.

A. If it had it would not give us a correct reading of the pressure on the main line.

Q. Do you take those pressure readings at any other place?

A. Yes, sir.

Q. Where are they taken?

A. There are, I suppose, 50 or 60 recording gauges at the various reducing stations throughout the city.

Q. Well, I mean within the area which you say is affected by the holder?

A. Yes, sir, there is a recording gauge on the regulator at Columbus and Pearl Street; there is one on the regulator at Washington Avenue and Noble Alley; there is one on the regulator at Jefferson Avenue and Buckingham street. I think that is——

1476

[fol. 3780] Q. Those you consider within the area of influence?

A. Yes, sir.

Q. Well, you do not have to do that, but let some one bring in those pressures for the times corresponding to the pressure shown on these 13 or 14 gauges.

A. I question very much whether they would do you any good if you had them, for this reason, that the record of the pressure at the office during the time that the holder is on is during a peak load; you can see for yourself that these charts are boosted by the blower at the holder from three to four ounces, which automatically takes up the load which would be supplied by the other stations. Were the blower left on the line until twelve o'clock when your

line begins to pack automatically, every one of these regulators would shut off because of the increased pressure on the line from the holder to the distribution plant overbalancing the weight on the regulator and closing down the regulator. We are feeding in from that holder a pressure of three to four ounces greater than is on the balance of the distribution system immediately connected with it—three to four ounces which is bound to have an effect on your distribution after it leaves the other regulator because packing towards it. It may not show on the gauge but nevertheless it has the effect of spreading out and supplying that territory.

Q. Well, I think you state some facts there which we do want to show; I understood you to say in your direct examination that the effects were noticeable and marked there; now it seems to us——

A. They certainly are by the consumers using gas therein; it could not be otherwise.

Q. Well, I cannot examine them for the moment, and I

1477

[fol. 3781] am examining you only, Mr. Strickler; now we want to see those pressure sheets to correspond to the hours that are here given. Do you put the gas out of the holder at different pressures at different times?

A. No, sir.

Q. Always——

A. It is always the same, or thereabouts; there may be a variation of a fraction of an ounce; that would depend pretty much on the draft on the distribution line at the time the holder is put on. It would only be a fraction of an ounce difference.

Q. I notice on most of these charts that there was no—or very little diminution of pressure, and all at once when you put on your holder the pressure goes up, and simply runs along in a straight line, and then goes right off?

A. When it is shut off we drop right back and the regulator will pick it up where it left off, automatically.

Q. As I remember you did not use that holder during the winter of 1917-1918?

A. I do not know as I made a statement to that effect.

Q. Well, that is—probably I am in error.

A. I think you are because I think it was used at that time pretty nearly every day in the month of February,

1917, when we were short of gas; my recollection is it was used almost every day.

Q. Were there any shortages of gas equal to that thereafter?

A. I do not believe we had——

Chairman Geiger: Which was a very cold winter?

The Witness: Which was a very cold winter.

Chairman Geiger: The winter of 1916-1917 or 1917-1918?

The Witness: 1917 was a cold winter; that would be 1916-1917.

1478

[fol. 3782] Commissioner Bricker: February, 1918, wasn't it? That was the year we were in Camp.

Mr. Turner: I bet that felt cold.

The Witness: I think it was in 1917—well, I may be wrong but my impression is it was 1917.

By Mr. Butler:

Q. Was that due to a shortage of gas that year?

A. Due to an excessive demand on us on the lines; I think we sold more gas that year, Mr. Butler, than we have at any time before or since then. I think our peak load that year was 62 million in one day.

3451

[fol. 3783] HARRY R. ALLENSWORTH further testified:

The Witness: The next item appearing on the second column titled "deductions" is holder station land in the amount $18,700. This is deducted because of the fact that there is no utility for that land as of December 31, 1929.

* * * * * * *

Q. Under account 232 you have made a deduction, Mr. Allensworth. Will you please explain that?

A. Opposite total holder station structures, there appears a deduction in the amount of $3207. This is deducted because there was no utility of the holder station structures

3452

as of December 31, 1929.

Q. Under account No. 233, you have made a deduction. Will you please explain that?

A. Opposite the title gas holder, there appears a deduction in the amount of $155,000, and opposite the title gas holder appurtenant equipment there appears a deduction in the amount of $31,828, the total of these two amounts being as here shown, $186,828. Those amounts are deducted because of the fact that the gas holder——

By Commissioner Geiger:

Q. Now, Mr. Allensworth, taking as an example you have under 231 originally your reproduction cost new $155,000——

A. 233; I beg pardon.

Q. Yes, you are right.

A. Yes, sir.

Q. Where did you get that $155,000 to begin with?

A. That is the company's reproduction cost.

Q. That is the company's cost. Are all the figures in the first column on that page the company's costs?

A. No, sir, they are not.

Q. Well, that figure is?

A. That figure is.

Mr. Huffman: It is accepted, yes. It is the company's cost accepted by Allensworth as the reproduction cost new.

Q. Then you take the whole of it off?

A. Yes, sir.

Q. On the ground of what, that the holder is not used and useful?

A. That there is no utility for the holder as of December 31, 1929.

[fol. 3784] By Mr. Huffman:

Q. Well, Mr. Allensworth, you are a mechanical and electrical engineer, are you not?

A. Yes, sir.

Q. Can you design a gasholder?

A. I can.

Q. Have you made a thorough study of a number of gas stations in recent years?

A. Yes, sir.

3453

[fol. 3785] Q. Has your study included this plant and that of the Federal Gas & Fuel Company of this City?

A. It has.

Q. It has also included the Lima system has it not?

A. Yes, sir.

Q. And the Cleveland system of the East Ohio?

A. Yes, sir.

Q. You understand the operation of a holder in connection with gas distribution systems, do you not?

A. I do.

Q. Are you familiar with the mechanics of a gas holder and how it works?

A. Yes, sir.

Q. Are you familiar with the mechanics of this gas holder?

A. Yes, sir.

Q. Well, you have made a physical inspection of the gas holders of the Columbus Gas & Fuel Company, have you, or have you not?

A. I have.

Q. In reproducing the properties of this company today, would you reproduce a holder of this sort?

A. I would not.

Mr. Turner: Objection.

Commissioner Bricker: I think he is qualified.

Mr. Turner: Well, I am objecting not only on the qualification, Your Honor, but on the question of prudent investment. It is a question of reproduction of what is there.

Commissioner Bricker: Well, that may go to the weight of the evidence.

Mr. Turner: Oh, no, it goes to the law.

Commissioner Bricker: His contention is it is not used and useful as of the date; not that it is reserve property, but it is just surplus property.

Mr. Turner: He says it has no utility. We question his

3454

[fol. 3786] ability to pass upon that, but we also question the law as to the prudent investment. That is the theory that they are putting up there; in other words, he is asking him if you were to rebuild this plant would you build a compressor station or a gas holder.

By Commissioner Geiger:

Q. In your estimation and under your experience in this gas holder as it now exists of any use?

A. No, sir, it is not.

Commissioner Geiger: That covers the point. He says it is not worth anything.

By Commissioner Geiger:

Q. Is that right, you say it is not worth anything?

A. It is not.

Q. Well, it certainly has a junk value, hasn't it?

A. Well, pardon me, I interpreted your question is it worth anything to be considered in a rate base, and that was my answer.

3455

[fol. 3787] Q. All right, why was this property not used and useful as of December 31, 1929, Mr. Allensworth?

A. Because the compressibility coupled with the comparatively high pressure under which the gas at The Columbus Gas & Fuel Company and associated companies operate in their pipe line, compensates to a considerable degree for hourly fluctuation in demand for gas; gas holders are unnecessary as storage receptacles in natural gas practice in which respect, of course, natural gas distribution systems

3456

[fol. 3788] differ from manufactured gas distribution system.

Q. Does The Federal Gas & Fuel Company have a holder tank?

A. It does not.

Q. Have you inspected certain pressure charts which were submitted by the company purporting to reflect the effect of the gas holder or gas from the gas holder being injected into the mains of The Columbus Gas & Fuel Company?

A. I have.

Q. Will you please explain to the Commission what deductions you draw from those charts?

Mr. Turner: Objection. He hasn't shown one day's operation of a gas plant; he knows nothing about it.

Commissioner Bricker: Oh, I think his qualifications are thorough and fully stated.

Commissioner Geiger: Outside of that, what are you driving at; what do you want to do, to have him explain further why he has taken off $155,000?

Mr. Huffman: Yes.

Commissioner Geiger: He has explained that, and if they dispute that we have the evidence before us. He don't need to sustain it any further.

Mr. Huffman: Why, they have introduced these charts, I don't see how our witness——

Mr. Turner: Who introduced them? You introduced the charts yourselves.

Mr. Huffman: This witness has a perfect right to tell what they reveal as it is concerned with his rejecting or deducting of the holder and the appurtenant holder equipment.

3457

[fol. 3789] Mr. Turner: He never operated a holder a minute in his whole life, nor was an employee of a gas company for ten minutes.

Mr. Huffman: That is not important, whether or not he has had.

Commissioner Geiger: The objection is overruled and exceptions noted.

Q. Will you answer?

Commissioner Geiger: Make it brief, please, Mr. Allensworth.

The Witness: Yes, sir. There were referred to in this case certain pressure charts, which pressure charts were not introduced into the record so far as I know. Those pressure charts were alleged to have been taken from a pressure recording gauge in the office of the gas company on North Front Street, and are alleged to reveal the effect of putting the gas holder or discharging the gas in the holder into the distribution system. An examination of those charts reveals that on the infrequent occasions that the gas in the holder was discharged into the distribution mains the pressure at the company's office in North Front Street shot up to a pressure beyond the requirements of good service in the gas distribution. Further than that the records did not show that on any comparable date, and from the same meas-

uring meter that there was any lack of pressure in the distribution system at that point.

By Mr. Huffman:

Q. Are you familiar with whether or not this holder was not used by the company for a number of years at all?

A. It has not been used for stretches of several years at a time.

3458

[fol. 3790] Commissioner Geiger: How is that?

The Witness: This holder has not been used for stretches of several years at a time.

By Commissioner Geiger:

Q. Well, do you know whether or not that holder was put into use at the time the appraisement was made so as to make it appear to be an equipment, used and useful?

A. Well, it was put into use on two days if my memory serves me right, subsequent to the date of the appraisement.

Q. It was put into use two days afterward?

A. Yes, sir, on two separate, distinct days if I remember right.

Q. Well, do you mean that it was used immediately prior to the December 31, 1929?

A. No, it was not used for months prior to that, if my memory serves me right.

Q. And how soon after that was it used?

A. I think it was used one day in January, '30 and I am not——

Q. Well, do you mean to say then that it was not used continuously on or about the period that the appraisement was made?

A. Judge, the holder has never been used continuously since it has been connected with the natural gas system; it has never been used continuously.

Q. Well, let me ask you another question; this is getting interesting to me. The company offered to us certain records showing that the gas pressure was indicated by the needle in reference to the use of the holder; do you recall those?

A. Yes, sir, I do.

Q. Pressure charts?

A. Yes, sir.

Q. Now, the inference was that these pressure charts were in use every day.

A. The pressure charts are in use, Your Honor, but the

3459

[fol. 3791] holder has never been in use each day.

Q. Yes; and that the holder had a connection with the pressure charts?

A. That is the statement made in the discussion of those charts. That I deny.

Q. All right.

A. I claim that the pressure chart reveals the fact that the effect of the holder on the distribution system as revealed by the pressure gauge in the company's office was that it boosted the pressure to a higher amount than is ordinarily required in good distribution practice.

Q. Well, do you say for a considerable period of time that the gas retort was not in use; do you mean it was not connected up through valves with the pipes?

A. It has been connected but it was not used, if I remember rightly, for a period of three years, and in that one period of three years we had the coldest weather that we have experienced in Columbus, so far as I know, for 25 years, and that was the year of 1917.

Q. Well, you talk about it being connected; you mean there was a pipe from it to the supply or distribution system?

A. Yes, sir.

Q. Was the valve turned so as to get the gas in and out of that retort or not?

A. No, sir.

By Mr. Huffman:

Q. How does the gas get out of this holder?

A. The gas has got to be pumped out of the holder with an impeller pump driven by an electric motor. Opening the valve would not discharge the holder into the main.

Q. Do you mean the weight of the gas will not throw the gas out of that retort against the pressure in the pipe?

A. It cannot the way it is connected up.

3460

[fol. 3792] Q. How?

A. It couldn't the way it is connected up. Between the main and the holder is this impeller pump.

Q. To pump gas out of the holder?

A. To pump gas out of the holder.

Q. So that the pressure from the holder doesn't do any good to circulate the gas?

A. It does not. The holder has never floated on the line, so to speak.

Mr. Turner: We will show, Your Honor, please, that there has been gas in the holder all the time.

By Mr. Huffman:

Q. Will you please explain the differences, or what you mean by floating on the line or the difference between the use of a holder on an artificial system, and as it is used on this natural gas sytem at the times it has been used?

A. A gas holder is a necessary adjunct to a manufactured gas system. The gas production is accomplished by one of two generally known schemes. One is roasting coal, that is for coal gas; and a by-product gas in the manufacture of coke, and the other is known as water gas. The production of the gas from these manufacturing processes must proceed at a uniform rate, that is the discharge from the coke ovens or the discharge from the by-product oven or the discharge from the water gas generator will be constant during the operation of that generator. The load on the system fluctuates, and in the 24 hour period it will fluctuate quite widely, so that by the use of a holder in connection with a manufactured gas system, the production end of the system operates at a uniform rate, the gas is going out of the gas generator at a uniform rate, and when it is being generated faster than it is being consumed, it is being stored up in a

3461

[fol. 3793] tank. The tank floats on the line, and as this gas is generated faster than it is being consumed, the holder raises, contains more gas, and when the load comes on the system and the gas is being consumed more rapidly than it is being generated, the gas holder discharges that stored up gas into the line. For that reason the gas holder is a very necessary adjunct of a manufactured gas system. That is very well illustrated in the case that is now pending before this Commission, and that is the Lima Gas case. In the

Lima property, that is a natural gas system largely, but they distribute a mixed gas. The manufactured gas is water gas. Coke is raised to incandescence in a furnace or retort so to speak, and when it is brought up to the point of incandescence steam is injected into the retort. The result of injecting the steam into the incandescent coke is that the oxygen of the water goes to further support the combustion of the coke. The hydrogen combines to a certain extent with the carbonates of the coke, and the result is a hydrocarbon known as water gas. The b. t. u. content is rather low. That is mixed with the natural gas. The natural gas is received from mains, going through the measuring and metering station and is mixed with this manufactured gas and distributed to Lima. The gas generators operate at a uniform rate, I think it is 16 hours a day; I think you work two shifts there. They shut down then for 8 hours, and during the period that the demand on the system is greater than the output of the water gas, the gas holder is discharging into the mains, and in the night season when there is no gas being manufactured, of course, it discharges into the main, and is mixed with the natural gas.

3462

[fol. 3794] The gas holder is not a pressure control; it is a supply control, and in that system they have district regulator stations throughout the territory, the same as they have in Columbus.

Q. Is the gas holder in any sense a regulator?

A. It is not a regulator, only indirectly. It is not directly a pressure regulator.

Q. One of the witnesses in this case testified, Mr. Allensworth, I believe, that if he were to rebuild this holder or build a new holder for The Columbus Gas & Fuel Company today that he would build a number of small district holders. What have you to say concerning that statement?

Mr. Turner: Is that Professor Demorest?

Mr. Huffman: Yes.

The Witness: If I were to build gas holders for The Columbus Gas & Fuel Company they would be smaller holders and divided up into districts. However, they would not be the same type of holder if I were to build them. Really if left to my own judgment, I would install no holders on this system.

Q. That is you would install no holders on a natural gas system with high pressure at the city gates?

A. Not in Columbus, I wouldn't. There might be some natural gas distribution systems where small holders scattered through the district served might be better, but they would not be in my opinion in Columbus. I might direct the Commission's attention to the fact in that connection that the City of Cleveland is a large city, served by natural gas, has been for a good many years; so far as my investigation reveals, served very satisfactorily. The have no gas holders on the natural gas system.

3463

[fol: 3795] Mr. Turner: We move to strike.

Commissioner Geiger: Overruled.

Mr. Turner: Note an exception.

Q. Have you investigated the regulator system of the Columbus Gas & Fuel Company?

A. Yes, sir.

Q. Is it an expensive, rather expensive system designed to cut down the pressure between the city gates so-called, and the burner tips of the consumer?

A. Yes, sir.

Q. Then with all of these considerations in mind, Mr. Allensworth, what have you to say relative to the element of obsolescence, lack of utility, in connection with the gas holder of The Columbus Gas & Fuel Company?

A. I call it lack of utility, and because of lack of utility, I excluded it from my reproduction cost of property used and useful as of December 31, 1929.

Q. And the deduction which you have made in that account is the figure $186,828 in item 233, column 2, page 1 of City Exhibit No. 56, is that correct?

Commissioner Geiger: That is your gas holder appurtenant equipment; you would also discard the equipment?

The Witness: Yes, sir.

Q. $31,828 of equipment?

A. Correct.

Q. None of that equipment is used and useful?

A. No, sir.

By Mr. Huffman:

Q. For any other purpose?

A. Not for any other purpose.

By Commissioner Geiger:

Q. Well, is it used and useful in the distribution of natural gas in the city of Columbus?

A. It is not; and in addition to that the land occupied 3464.

[fol. 3796] by the holder is excluded in the amount of $18,700.

By Mr. Huffman:

Q. As you have already explained in column No. 2 on page of this exhibit in account 228, land?

A. Yes, sir.

Q. Mr. Allensworth, what is your total deductions for distribution property as set forth on page 1 of this exhibit?

A. On page 1 the total appears at the bottom of the page, $209,135, which total is carried to the top of page 2 in the second column.

Q. On page 2 you make no deduction under the heading general property?

A. No sir.

Q. But in the total under the total distribution general property is the total which you have just read off now from the top of the column?

A. It is.

Q. Well now, under the heading undistributed construction expenditures, you have made certain deductions which are set forth in column 2, page 2 of this exhibit. Will you please discuss those?

A. In the first column, as before explained, the reproduction cost is the reproduction cost of inventory quantities. In making the deduction of the holder tank and land as hereinbefore explained, it also requires the deduction of undistributed construction expenditures assignable thereto in the amount of $30,415, and that is the amount shown in the second column on page 2 opposite the title, "Total Undistributed Construction Expenditures".

4123

[fol. 3796a] Cross-examination:

Q. At page 3452 of the record, I am not just clear, and it is my fault, probably, as to your position on the gas holder. You do not seem to say that it is not used and useful, but you seem to come back each time that someone tries to pin you down that it has no utility. Now, just what is your attitude towards that?

A. What you lawyers refer to as lack of utility——

Q. Well, you are not saying it is not used or useful, are you?

A. I am saying that it is not properly used or useful in the operation of the property.

Q. And you are basing it on this large experience of yours that you have had?

A. If you wish to state it that way. I am stating it otherwise. I am basing that on my knowledge of the operation of this particular property which extends from 1924 down to date.

Q. At Page 3452, you said you had made a thorough study of the number of gas stations in recent years. Please name them. What did you mean by gas stations?

Mr. Huffman: That is a mistake in the record.

Mr. Turner: Gas holders then.

4124

[fol. 3797] Mr. Huffman: No, I used gas plants or gas companies. I think I used the word "plants".

Mr. Turner: I copied that out of the record.

Mr. Huffman: I noticed that when I was checking over it.

Q. All right, we will pass that then. At Page 3455, you claim that storage receptacles are unnecessary in a natural gas property. Now, if a main blew out or otherwise became disabled, wouldn't the supply contained in the holder be helpful in supplying consumers in Columbus?

A. Not if the system was properly designed, it would not.

Q. Is the system properly designed?

A. This system?

Q. Yes.

A. I think so if you eliminate the holder. It is not properly designed if you include the holder.

Q. What other ones have you designed?

A. What other what?

Q. Plants, systems, systems is the word you used?

A. I didn't say that I had designed any natural gas systems.

Q. At Page 3457, you said that the holder had not been used for stretches of several years at a time. Now, when were those stretches?

A. I don't remember, but that is the testimony of one of the company's witnesses, before the Master in the Federal Court.

Q. You have been on the witness stand enough to know that you are supposed to testify to your own knowledge, have you not?

A. Yes, and that is my own general knowledge.

Q. Well then——

A. Verified by the testimony of the company's witnesses.

Q. Oh, I see. You tell us then what years it was that

4125

[fol. 3798] it was not used for three years at a stretch, or several years at a stretch.

A. I don't remember.

Q. You said at Page 3459 that the holder had not been connected up for three years, and in that three year period, we had the coldest weather experience in Columbus in 25 years, and that was in 1917. Now, were the three years to which you referred, 1917, '18 and '19 or 1917, '16, and '15, or either?

A. I don't remember the specific years, but I had reference to a period of three years that included the winter of 1917. Now Mr. Turner, will you please read that remark to me that you allege to quote from the record where I said something about its not being connected up?

Q. Mr. Calland says I am mistaken in my memorandum here. He says I have a "not" in where it ought not to be. Your answer was, "It has been connected up, but it was not used if I remember rightly, for a period of three years."

A. Well, that is quite different.

Q. Now, I want to know when the three year period was that it was not used.

A. Well, as near as I can tell, that was a three year period of which the winter of 1917 was one. I don't re-

member any closer than that. That is the best I can do for you.

Q. Do you know of any period in which it has not been used since Columbia Engineering & Management Corporation came on the job?

A. Why, I think——

Q. Do you you know?

A. No, I don't think I know that, but I think the record in this case discloses that it is not——

Q. The counsel will find that. I am trying to search your recollection, your knowledge. You don't have any knowl-

4126

[fol. 3799] edge on it do you?

A. Not specifically, no.

Q. Not of any kind, do you, except hearsay?

A. It depends on what you call hearsay.

Commissioner Geiger: Mr. Allensworth, assuming that the holder was full, to its extreme capacity, and that the supply line to Columbus was disabled so no gas came into Columbus, can you tell us either definitely or approximately what your judgment is as to the length of time that the gas then in the holder would supply the consumption in Columbus.

The Witness: If it was on a very cold day, on the peak of the load, probably an hour. I don't know. I haven't made the calculation. That is kind of a guess.

Mr. Turner: Let me make a professional statement to the Commissioner. The record discloses that that is connected up only to certain downtown parts of the system. I think I am right on that, and I am pretty sure I am right on that. That is correct, isn't it, Mr. Strickler?

Mr. Strickler: Yes, sir.

Mr. Turner: So that your question would have to be limited to the downtown area.

The Witness: If it is limited to the downtown area, then under those circumstances, the company would have to rush around and shut valves and close off the downtown area from the rest of the city, if that is the way it was contemplated to be used.

Commissioner Geiger: Well, Mr. Allensworth, it may be admitted that the retort is not connected with the general distribution system, but only the downtown area and that

the rest of the system is operated without it. What effect
4127
[fols. 3800 & 3800a] would that have on your judgment as to whether it was used and useful?

The Witness: It would not affect it at all.

Q. You have excluded from your valuation not only the holder, but the land on which the holder stands and the appurtenances as well, have you not?

A. Yes, sir.

Q. And that includes an electric motor, an impeller pump, valves, fittings, heating equipment to heat water in the holder during freezing weather, and the equipment and fittings associated with that heating equipment. That is correct, isn't it?

A. Yes, sir.

Q. Now haven't this motor, pump, valves, and heating equipment been at all times since the advent of the Columbia Engineering and Management Corporation, ready for instant use?

A. I suspect it may be. If it has not, the company has been swindled.

Q. It was ready for instant use the day that you and Mr. Huffman were there, wasn't it?

A. Oh, I believe so, yes.

[fol. 3801] Going Concern Value

The Columbus Gas and Fuel Company

439

[fol. 3802] L. E. WELKER testified on cross-examination:

Q. Have you included in your construction overheads any such thing as alleged going concern?

A. No, sir, I have not included in my construction overheads any such thing as going concern.

465

[fol. 3803] Q. Are you the one who is responsible for the allowance or inclusion of the going concern value?

A. I am, to the extent it is expressed in this valuation report.

Q. What from that point of view does that going concern value that is in your set-up include? What does it mean?

A. The value of an operating property, with customers attached, and an estimated revenue, as compared to a property that would be just bare bones, without those elements of going value I have expressed.

By Chairman Geiger:

Q. You say the value. You mean the cost of making a bare bone plant into living organization.

A. I do not so state it. It would include elements of cost that would make the bare bones property a going concern.

By Mr. Butler:

Q. What are the elements that go into your going concern value?

A. All of the elements that would be the difference between a property that was just the bare bones, gas mains out in the street, services, and a property that is a going property, with attached business, and an established revenue. It would include many elements that occur in the difference between those illustrations.

Q. You say it includes all of them. Now of course, that means that you have combined in that individual items. Now, I want to know the individual items.

A. I have not set forth an analysis of individual items.

Q. That is the reason I am asking you to do it now.

A. From my experience, or judgment from my expe-

466

[fol. 3804] rience, I have expressed it as being ten per cent of the reproduction cost new.

Q. What sort of an experience now? What sort of experience did you have that just leads you to fix that amount without analyzing the particulars? You say it includes all elements, a combination of a number. I am asking you what those elements are.

A. I am familiar with the construction of a gas property that in its beginning would not have customers or would have a very minimum of attached customers or a revenue, and it takes a period of years, expenditures of money, development of a personnel and the seasoning of the plant,

to bring it to the operating and going basis that a plant like the Columbus Gas & Fuel property is.

Q. Is that process still going on in the Columbus Gas & Fuel Company?

A. There are many efforts being made to develop the value of the Columbus Gas & Fuel Company that go to the extent of attaching business or establishing revenue.

Q. Spending money in that direction?

A. I believe there is money being spent in that direction.

Q. Considering your study of this, I presume you could give me some idea how much is being spent?

A. I did not itemize the individual items that underlie the expression of going concern value.

Q. Afraid you would get it below the amount you have allowed?

A. That was not my idea.

Q. Well, the expenditures that you are—what shall I say? Currently making in that direction, do you charge them to capital account or are they a part of operating expenses?

A. I have not analyzed the current expenses to answer

467

[fol. 3805] that question as assumed by you.

Q. Don't you think you should?

A. No, I don't.

Q. It would not affect your opinion, your judgment, whatever the procedure has been?

A. No, not as to the reproduction cost new of the property, including its element of going value.

Q. Do you subscribe to the theory that in your reproduction cost in fixing your rate base you should include those things that through the years have been fairly and properly charged to operating expenses and paid out of an operating account?

A. I do not know from the scope of all that question what is asked for.

Q. Frankly, without meaning any offense to me, you think the question, what I say, is unintelligible?

A. I do not comprehend it.

Q. I understand. You put this going concern value here to represent the difference between what you call a bare bones plant and a going plant?

A. I did.

Q. When you speak of bare bones, just the plant without customers, without an established business; that is what you mean?

A. I do.

Q. Now surely, in the name of heaven, you do not mean to tell this Commission that if this company had a bare bones plant without customers, without an established business, you would give it the value you have, less the going concern value?

A. It would have every element of reproduction or reconstruction cost as I have expressed it in the valuation.

Q. I am not talking about cost now; I am talking about value.

Mr. Butler: If the Commission please——

468

[fol. 3806] Q. It just wouldn't have anything but scrap value without customers and a business, would it?

A. I would not answer to that extent.

Q. Well, tell me how far you do go with me on the road.

A. The property could have all its elements of reproduction or reconstruction cost and it would be possible to

469

[fol. 3807] to build an established revenue and get customers or established business.

Q. Now, again I go back to see whether or not you will not repent and help me a little bit. You said that the going concern value represents all of those elements, a combination of elements. Now, I think an engineer, when he uses that term, means exactly what he says, and I would like for you to tell me those elements, if you can. If you cannot, I shall accept your answer.

A. In addition to the cost of reproduction or reconstruction value of the property without an attached business or an established revenue, there are many elements of value that are the result of expenditures of money and time. The customers have got to be solicited with the idea of building up a desire for the uses of gas; they have got to be encouraged to spend their own money to equip their dwellings for the use of gas. The Company has got to go through the period of organizing an operating personnel. There are many elements of what is termed seasoning the plant to get into dependable operating condition.

Q. What is seasoning of the plant? Let me stop there. That is a new one.

A. A new piece of property that has not been in operation for a period of years, like any new piece of mechanical equipment, is to great advantage subjected to what you might term a test period, in which you would find out any minor or major defects of your construction or your physical property, and rehabilitate it so that it is a dependable going operating property.

Q. But my dear, Mr. Welker, isn't that just an ordinary operating charge now that you are speaking about? Tell us, I beg you to tell us, how that resolves itself into any

470

[fol. 3808] element of going concern value?

A. I am not trying to analyze operating costs. I know that a property that has those elements of value over a property without those elements of value has that additional value.

Q. No, don't get away from me so quickly.

Mr. Turner: I object to that.

Q. Now, I am not using that in an offensive sense and Mr. Walker does not understand me to. I am sure he will give me that credit. You spoke of the seasoning operations as one of the elements of going concern, and you have described what you meant by that. Now, I have put to you and repeat whether the things that you have described as seasoning operations and which you put into going value are not merely a part of current operating charges?

A. They can be.

Q. But are they?

A. Some of the elements I have expressed are, possibly.

Q. Yes. And Mr. Welker don't you know that *you* after you have put into your reproduction cost everything that you have included, you just gather up an additional thing and call it going concern value which you yourself cannot analyze; isn't that about it?

A. I have added a percentage on this property as a going value, and I have not endeavored to analyze or to itemize it.

Q. Wherein in your mind and in your judgment does going concern value differ from good will, if at all?

A. Going concern value does differ from good will. Good will might attach to a commercial enterprise where the experience of particular customers with a particular store business might encourage those customers to come back

471

[fol. 3809] to the extent of good will. Going concern value is not such a result of experience of customers with a company selling goods.

Q. You do not mean to say that good will does not attach to an enterprise such as this company has?

A. A company as a public utility might have the good will of its customers, but I have not attempted to evaluate any such item of good will.

Q. Taking your own theory, wouldn't your going concern value at least be modified by the good will?

A. No, sir.

Q. Suppose you had a going concern but had a tremendous opposition among your customers; that would not affect your going concern?

A. No, sir.

Q. On the other hand if you had them meager and anxious and friendly, that would not affect your going concern?

A. To any extent that I have an attached business and an established revenue, I would value the going concern value. I cannot see that good will, particularly in a Public Utility enterprise, is a part of those two elements.

Q. Your company has not always run ahead to spend money to get new customers, has it? It has showed up, hasn't it at times?

A. That is possibly true.

Q. You know the city had to get a mandatory injunction to compel you to make extensions to add how many new customerers?

A. Between three and five thousand.

Q. Had to get a mandatory injunction, didn't it?

A. That is true.

Mr. Turner: At 40 cents or what?

Mr. Butler: At 48, after we had given you the money with which to do it.

472

[fol. 3810] Q. Now, have you considered them as a part of the going concern value?

A. Only to the extent that I know I have an established business, to whatever extent it is—an attached business I should say instead of established—to the extent that this company has that and an established revenue.

Q. Don't you think equitably you ought to give us credit for making you take them on and at least reduce your allowance a few cents, Mr. Welker?

A. I do not.

Commissioner Bricker: Just one question, if I may, Mr. Butler. Have you, as an engineer, Mr. Welker, any personal experience in the construction of a plant anything like the size of the one in Columbus, from which you could compute the cost of attaching the customers originally to that system?

The Witness: I have not.

By Commissioner Bricker:

Q. Do you know anything about the experience within the last few years in the city of San Francisco, where a tremendous number of subscribers or customers had been added to their system there because of the discovery of new gas fields?

A. I do not.

Q. Do you know anything about the cost of attaching business even to a smaller concern, many of which have been constructed wholly now within the last few years?

A. I do in this way. I know we have constructed smaller plants, and the slowness with which the customers become attached causes a loss of earnings, until you eventually get enough good customers attached to have an established revenue that will provide a return on the money invested in the property.

Q. By going concern value do you mean your right to recoup or to collect on those early losses which are incidental

473

[fol. 3811] to getting the business established?

A. I do not mean to estimate my going concern value as necessarily requiring early losses. But I will state that the attached business and established revenues may to-day be there and there have been those losses before you arrive at that amount of attached business and revenue.

Q. Is that one of the elements that enters into your calculation of ten per cent?

A. I did not endeavor to itemize it as an element.

Q. But did it influence you in fixing your particular percentage?

A. To the extent that it might be reflected in the attached business that I know this company has and the revenue it has.

Q. Do you mean it might be or it actually is reflected?

A. It might be. I do not know that there was a loss to establish the revenue or establish the business, is a direct answer.

Q. You mean in the particular Columbus plant?

A. I mean in the particular Columbus plant.

Q. Has your experience as an engineer been that in similar plants or even plants of different size that there is an early loss which enters into the item of going concern value?

A. The experience could be different. If a gas company went into a new town as an initial program, where they had not been using the gas in any way, you would get your customers attached very slowly, as the houses would not be piped and they would not have gas burning appliances, like Greenfield, Ohio, or you could go to a town where they had been using manufactured gas, as has been the custom in larger cities, and you should not necessarily experience the early period of losses that you would in a town more

474

[fol. 3812] like Greenfield.

Q. Do you feel then in computing your ten per cent. here you are taking a situation in the City of Columbus where the consumer knows nothing about natural gas, he has never used it, he does not know of its utility, and that you have got to educate him from the beginning, an unintelligent and uninformed user of your product?

A. I would consider that the inception of the enterprise is considered in my appraisal.

Q. You have carried then your reproduction method to the point where you have divested the customers of their actual personal experience in the use of gas or natural gas?

A. To make a comparison between that condition and the condition in which I now find this property, and the value reflected because those customers are attached.

Q. You said in answer to Mr. Butler that good will does not enter into your calculation of going concern value?

A. It does not.

Q. Good will, I believe, we can agree is that tendency to go back to the old plant?

A. That would be my idea.

Q. The old place of business?

A. More reflecting on a commercial enterprise where there were competitive places to which you could go.

Q. In your present situation in the natural gas business in Columbus, it is more or less competitive, is it not?

A. I do not assume so.

Q. Aren't you losing customers daily to the Power & Light Company?

A. Not as to the competition between the use of gas, which is what I understood you to mean.

A. Aren't there people that are buying electric ranges

475

[fol. 3813] daily in Columbus?

A. Possibly to some very limited extent.

Q. And aren't there those who are going away from heating of their homes by gas to the use of coal and oil?

A. I believe as to oil, to a very limited extent, and as to gas, I don't believe there is any particular transfer of business to the use of coal over what it has always been. It is my idea, Mr. Bricker, that it is possibly more dependent upon the type of equipment that the people in the older homes have had, as to whether they want to use coal or want to use gas. In other words, we have been installing many gas burners in coal heated homes, and a great many of the new houses are being equipped with gas furnaces.

Q. Would you say that the same condition exists in the industrial use of gas?

A. I infer you mean are the industrial users of gas going over to some other fuel?

Q. Yes, going to coal or vice versa; are you gaining any that have been in the past using coal or electricity, are you gaining any of them as gas customers as the days go by?

A. Do you speak of in Columbus?

Q. Yes.

A. I believe we have been gaining some customers that have been using coal, and on the other hand we may be losing some customers who may have been using gas and are going to some substitute fuel.

Q. Then you have not actually in Columbus a monopoly in your line of business?

A. No, there are other fuel provisions for the city.

Q. There are competitive businesses?

A. There are.

Q. Then does the element of good will, taking those things into consideration, enter into your calculation of

476

[fol. 3814] going concern value?

A. No, it does not.

Q. You have not considered that at all?

A. I have not.

Q. Do you think it should be considered?

A. No.

Q. And why not?

A. Because the element of value of this gas property, going concern value, I should say, as I have considered it with respect to a gas property that hasn't got the business and the revenue that this company has, is arrived at without considering that there are these competitive fuels, electricity or other competitive factors.

Q. You have stated in arriving at your figure for going concern value that you have practically or would in your reconstruction program have a monopoly of the business in Columbus?

A. The gas business.

Q. You have divorced it from any competition by any other kind of heating?

A. Yes. However, I appreciate, as a consideration, the business this company has.

Q. Do you believe that the cost of attaching new customers, such as you might have here in Columbus in the addition of a thousand users of gas would probably reflect the early cost of attaching consumers?

A. I do not.

Q. Would it be more or less?

A. It could be less inasmuch as a small percentage of new customers have the advantage of knowing the confidence that a great many of their neighbors have in the dependence on the use of gas. In a new town it is more difficult to get people to venture to use gas for cooking or electricity for cooking.

Q. And yet in your judgment that does not tie up the item of going concern value with good will in any way?

A. No.

477

[fol. 3815] Welker—cross-examination:

Chairman Geiger: May I ask just a question which is connected with what Mr. Bricker is talking about?

By Chairman Geiger:

Q. As I understand from your testimony you have taken the figure ten per cent of the cost of building the plant and added it to it as a going concern value?

A. I have.

Q. Would you give up the amount of that ten per cent. in order that we may visualize it? What is it?

A. It is $537,340.00.

Q. Now you have either purposely or inadvertently spoken of that as representing the differences in value between the bare bones of your structure and a concern that has attached to it customers and is producing revenue; is that correct?

A. That is correct.

Q. Now, do you mean the difference in value or do you mean the cost, the cost of attaching these customers?

A. I mean the difference in value.

Q. Well, as we understand it, we do not estimate the rate finally or the value of the property upon its value but upon the cost of reproduction, it being a monopoly and a public utility. We are engaging in a long proceeding, not to ascertain what its value is, but what would it cost to produce it. Do you think that we should differentiate the two elements we have here set out, the cost of reproducing the physical value and the value of going concern, attaching to one a value and to the other the cost of reproducing?

A. I believe that the item of going concern value could be found as an item of value other than the reproduction cost and not necessarily based on an itemization of cost.

478

[fol. 3816] Q. We have been unable to see under the statute the difference as applied to going concern value and as applied to the actual construction; in other words, our view heretofore has been that this going concern value of which

you speak should be ascertained by determining how much it would cost to produce these customers who would be attached to the bare bones structure, not how much it would be worth if they were attached, but how much it cost; that is, how much money you would have to invest in order to get your customers attached to your bare bones. Now you differ from our view in that you think that the element of cost should not be considered, but it should be confined to the value of the going concern over the value of the bare bones?

A. I do. I will, however, add there might be elements of cost that would have been incurred that——

Q. Now, if you are correct in that, it might assist us a good deal, but we have been unable yet to find any law that would justify us in saying that as to the bare bones structure you are to determine what would it cost to reproduce it, but as to going concern value, we may simply take the figure that is based upon its worth after it is established, rather than upon the element of how much it costs to establish it. Now, assuming that the figure $537,540.00 is approximately correct as to the difference in value between the dead concern and the living concern, would you be able to give us figures in relation to cost that would justify the allowance of $537,540.00, or the approximate figure?

A. I understand you say you must create a trained personnel, you must persuade people to use gas and you must [fol. 3817] do a number of other things incidental to get-

479

ting people to use the equipment that you have provided, that is, the bare bones. Now, could you as an engineer estimate the elements of cost rather than the elements of value that would give us some basis for judging what portion of $537,540.00 is to be consumed in the actual expenditure and cost of producing that business or attaching customers?

Mr. Turner: May I ask a question before we adjourn, and you will see the reason for doing it when the question is asked? I do not want to talk with him before asking the question.

By Mr. Turner:

Q. Mr. Welker, could you give a figure which it would cost to reproduce the going concern value of the Columbus Gas & Fuel Company?

A. I could not at this time.

Q. Could you at any time?

A. A study or search or investigation might be made if the data were available. I don't believe it is available.

Mr. Turner: We have other testimony on the question.

Chairman Geiger: The only thing, Mr. Turner, as I right or wrong in assuming that whatever element of going concern value there is must be based upon the cost of reproducing rather than upon the value.

Mr. Turner: Without attempting to determine that, I will say that we are going to produce evidence on that score.

Chairman Geiger: As to the cost?

Mr. Turner: As to the cost of reproduction.

Chairman Geiger: That would be the one thing we would want.

497

[fol. 3818] Redirect examination:

Q. From your experience are you able to say whether or not the fact that a plant was seasoned would be taken into consideration between a willing buyer and a willing seller? Now you can answer that by yes or no?

A. Yes.

498

Q. What is the fact as to whether a willing buyer and a willing seller in the sale or purchase of such a property as that of The Columbus Gas & Fuel Company would take into consideration the fact that it was a seasoned plant? Would they?

A. Yes, sir.

Q. Do you know from your experience whether a willing purchaser and a willing seller would take into consideration whether that plant had attached customers?

A. Yes, sir.

Q. What is the fact about that?

502

[fol. 3819] Welker—Recross:

A. They would take it into consideration.

Q. Would a willing purchaser pay more or less for a plant with attached customers?

A. He would pay more.

Q. Would a willing purchaser pay more or less for a plant with trained person-*al*?

A. He would.

Q. He would what?

A. Pay more for a property with trained personnel.

Q. Would he pay more or less for a seasoned plant?

A. He would pay more for a seasoned plant.

Q. Do you know of any place in any of the exhibits of this company which have been tendered or which have been identified or offered in this case where the company has asked for an allowance in operating expenses of any item that may originally have been considered a cost of going concern?

A. I don't know.

Mr. Butler: Does that mean that he cannot answer the question?

Mr. Turner: I am taking it just as he said it. I am asking him whether he knew of any.

Q. Can you answer the question, or is there any such thing here?

A. I don't know of any items.

Q. How many customers had the Columbus Gas & Fuel Company as of December 31st, 1929?

A. I haven't that figure with me.

Q. Isn't there some data here from which you can get it, Mr. Welker?

A. I don't believe so, Mr. Turner.

Q. Have you at any time known the number?

A. Yes.

Q. Have you made a memorandum of that?

A. Yes, I have made a memorandum of that.

503

[fol. 3820] Q. Can't you get it somewhere?

A. 54,546 customers as of December 31st, 1929, within the City of Columbus.

Mr. Davies: 54 how much?

The Witness: 546—54,546. That is in Exhibit 10, Mr. Butler, page 24—no, wait a minute; that is wrong—page 23.

Q. What is the fact as to whether or not men buying and selling, or corporations buying and selling, a gas distribut-

ing plant, figure the good will on the basis of customers? Do you know?

A. I do not.

Q. I said "Good will". Strike that out. What is the fact as to whether or not men buying and selling public utility gas distributing plants consider the number of customers attached as a basis for going concern value.

Mr. Butler: I object, if Your Honors please. If you conclude that this should be accepted, please grant us an exception. It seems to us without any foundation at all, unless gentlemen are insisting that the sale value of this property is admissible. Otherwise this dislocated fact has no relation to the theory upon which they have proceeded. I do not understand that you can tie in such a senseless theory as this to reproduction cost less depreciation.

507, 508

[fol. 3821] Q. All right, answer the question.

A. They do consider the number of attached customers.

523

[fol. 3822] Recross-examination:

Q. That was my mistake. Just withdraw that. In the company's Exhibit 10, on page 14, I find under "business promotion expense" two sub-heads, 422, salaries, and 424, supplies and expenses. Do those by any chance enter into the things that you say contribute to going concern?

A. Those items on that page I did not know of, Mr. Butler, when I made my appraisal.

Q. I understand that perfectly. You do not have to apologize for that. What I am trying to get at is——

A. If in the period that would be necessary to reproduce the going value of this property such charges had been incurred, and would reflect a value that would be an inherent value in the property over and above the reproduction cost of the physical property so as to constitute an element of going value, such element would be a going value element.

Q. From your point of view the expenditure of that money and money like that during the years has built up going concern value?

A. It would build up going concern value.

Q. What is business promotion expense?

A. It is an effort to meet the competition of the many other fuels that a gas company must meet in attaching customers in a business and establishing a revenue.

Q. Well, I think I have only one more question because I do believe I understand your position. Let me assume two companies, without regard to the facts and having no relation to the facts, assume that this Columbus Gas & Fuel

524

[fol. 3823] Company through a long period of years put much money into business promotion when it was not making any money. Suppose that later the Federal came in over here, or into this city, and assume that it just did not have to spend any money, that people were waiting for it, insisting upon it, that is, as compared with this company the Federal paid out no money, in estimating going concern would you disregard those two factors?

A. I don't know, Mr. Butler that I would disregard the factors, but I would base my going concern value upon finding that in each of the two companies I was entitled to have a going concern value because I had attached customers and an established revenue. If the methods of those two companies, though they be different, would each produce going concern value, I would still have the going concern value.

Q. That is a little indirect, but I think I do understand you. You would disregard those factors, you would not be interested in that; you would be interested in just what each company had?

A. I would be interested in what each company had or what it would take to reproduce that going value.

Q. Not how it got it and what it cost it or anything?

A. Not the historical element of cost.

Mr. Butler: I think that is all for the present.

By Chairman Geiger:

Q. Now, in considering what it would take in expense to attach business to a new concern which was complete theoretically on January 1st, 1930, would you consider historically that it was now easier to attach business than it was when the company came into this territory as a pioneer, and people were not used to the luxury of natural gas and had to be persuaded as to its use?

525

[fol. 3824] A. My basis of consideration would be what it would cost to reproduce this going concern value.

Q. Of the date certain?

A. January 1st, 1930.

Q. Now, in estimating the value to the plant of those who were engaged in furnishing that gas, would you consider their skill in furnishing gas and serving the public as of January 1st, 1930, or would you consider that you would be entitled to add to the value of the plant the money that might be necessary in training them to become as expert as they were on January 1st, 1930?

A. I will have to answer the question in two parts. If I had a skilled organization on January 1st, and it would cost to reproduce that, if I did not have a skilled organization, I would consider the value there, or I would consider the cost to reproduce to that extent the value of any unskilled organization as being comparable.

Q. But would you take it into consideration in estimating that going concern value that natural gas has been used in this community for a great many years, and that there are among your citizens available men who could be drafted into the service of the company and employed who would have a finished knowledge of the elements necessary to serve the company as of January 1st, 1930, and they did not need any training?

A. That would not be my presumption or I would not consider that that was the method of determining my going value.

Q. In other words, you would consider not only the amount involved in reconstructing your physical plant, but you think yourself justly entitled to the amount that would be involved in training individuals to serve you, even though those individuals on January 1st, 1930, were fully

526

[fol. 3825] competent to serve you without any additional

A. My going concern value would exist if I had that personnel on January 1st.

Q. But you theoretically did not pay for that; you are establishing a plant as of January 1st, 1930, and estimating what that plant is worth; would you have a right in your judgment to say, "Here is a group of people that we actually have and not theoretically trained to become efficient servants, and we in this theoretical consideration are en-

titled to add to the actual cost of constructing our plant what we have actually paid in the past to make these employees efficient?

A. My impression is that ordinarily I would have to pay for that training in one way or another. If I sought to employ men that had that value in service, I would have to obtain them from some other source of employment that they would be engaged in, or I would have to expend the money to train them, starting with the inception of the enterprise that I have got to develop in order to attach the business and the revenue.

Q. But I am assuming after you build your plant as of January 1st, 1930, there are a group of employees waiting, ready to be employed by you, who in the past have received training in the natural gas business, so as to be ready for employment without any additional training at your expense; they have all been trained.

A. I would assume the value of that trained personnel would be an item of going value.

Q. But you did not pay for it?

A. That is correct.

Q. Wouldn't it be reflected in this, you pay a trained man out of your operating expenses?

A. Not necessarily.

683

[fol. 3826] JAMES P. STRICKLER further testified:

Q. What is the fact as to whether or not after pipes were once located they had to be re-located, lowered or raised, either one?

A. Because of the extensive street improvements in Columbus, it has been necessary, and on account of other underground systems, such as conduits and sewers and catch basins and so forth, and because of the lines not originally having been laid to grade either to put them down deeper or move them over to some other more suitable location.

Q. What effect has this had upon curb boxes? Any? Or what effect has curb boxes had upon the lines?

A. I don't think curb boxes would have any effect on the lines.

Q. Whether or not they had to be lowered?

A. That necessitates lowering your services and your curb boxes.

Q. That is what I wanted to get at. You had to lower your services also?

A. Yes, sir.

1014

[fol. 3827] B. L. WHEELER further testified:

Q. Have you included in your appraisal of the going concern value of The Columbus Gas & Fuel Company any elements in the nature of unearned increment?

A. No, in our report on that phase we have specifically stated that we did not include any elements that were termed unearned increment, or resulted from what we phrase fortuitous circumstances, but only elements that result from actual expenditure of time or effort or skill, on the part of the company or its predecessors.

Q. Have you included any element of promotion or organization costs?

A. No, sir, not as an element of going concern.

Q. Are you familiar with the appraisal of the physical property of The Columbus Gas & Fuel Company as set out in Exhibit No. 2 in this case?

A. Yes, sir.

Q. Does your appraisal of going concern value of The Columbus Gas & Fuel Company include any items contained in the appraisal of the physical property set out in Exhibit 2?

A. No, sir.

Q. And particularly now any of these items there classi-

1015

[fol. 3828] fied undistributed construction expenditures, sometimes referred to as general overheads?

A. No, sir, none whatever, because our appraisal has been limited to elements of intangible value, and undistributed construction and general overheads are uniformly held by us to represent part of the cost of physical assets and not intangibles.

Q. Under what headings have you grouped the various elements considered by you in appraising the going concern value of the Columbus Gas & Fuel Company? I am referring now to page 6 of the exhibit?

A. We have grouped the several items which enter into the total going concern value under four headings, namely,

first, interest or return unearned during business development period; second, attached and trained personnel; third, attached business; and, fourth, adjustment of physical property. In our opinion the aggregate of those values make up the total going concern in this case.

Q. Now what general facts have you considered, either in the nature of the history of the company or as to its situation as of the date of your appraisal?

A. In our investigation we secured from the records of the company the available information as to its history and predecessors, capital structure, personnel, scope of operations, which are briefly the historical factors, the predecessor companies being, first, the Columbus Natural Gas & Fuel Company, incorporated in 1888, which subsequently changed its name to the Central Ohio Natural Gas & Fuel Company; second, the Columbus Gas Light & Coke Company, incorporated in 1892.

Q. That is all set out, beginning at page 6, of your exhibit?

A. That is set out in detail under "historical".

1016

[fol. 3829] Q. Now, your capitalization is set out at page 7?

A. Yes, sir.

Q. And your organization is set out at page 7?

A. Yes.

Q. And the scope of the operations set out at page 8?

A. That is right.

Q. The physical property set out at page 9 et seq.?

A. Yes, sir.

Q. Page 9; just page 9?

A. Yes, that is correct.

Q. Those are properly set out from the records of the company?

A. Yes, sir.

Q. Take your first heading, interest or return unearned during business development period, during the period of initial operations, and explain what is included under that head. I am referring now to page 10?

A. In a property of this nature, it is necessarily first constructed of sufficient capacity to take on the load over a period of years, so that in the first or early years of its operation, the capacity will not normally be fully utilized. The loads on the system during those early years of opera-

tion would necessarily in nearly every instance be less than the normal capacity of the system. The excess capacity would be greatest in the first year and decrease gradually in our opinion until, from four to five or six years under normal conditions, it would be operating to a normal load, not necessarily to its maximum capacity. During this period the interest or carrying charge on this excess capacity would be unearned and would be in the same category as interest during construction. In the Columbus Gas & Fuel Company case, a large part of the facilities have been in operation for a great many years, and in attempting to get
1017
[fol. 3830] specific data, it was almost impossible to secure the two essential factors necessary in a computation, the amount of investment year by year in the first four or five or six years, and the actual operations, either gas sold or gross receipts. That data would have to be secured for the first years of operation.

Q. Did you secure any data that would be classified as somewhat analogous?

A. We did secure that specific data in one instance for a part of the system which is termed the Grove City extension, where the figures for the investment year by year and the use of the facilities were available. That extension has been constructed for less than five years, so that we were necessarily limited to the first four years of operation. We used those figures in the computation of the excess capacity portions, necessarily assuming that the fourth year's would reach normal use, whereas probably it would be the fifth or sixth before it would actually come up.

Q. What do you give as the percentage of use during the first year for the Columbus Gas & Fuel Company?

A. Of the physical system—did you ask that for the Grove City extension?

Q. Oh, no. I don't want Grove City. I am merely asking you what you finally adopted for the Columbus Gas & Fuel Company?

A. Using that as one of the factors and other factors which we considered similar, we found that the accumulated return or interest charge at seven per cent on the excess capacity portions during the five year period would amount to 3.70 per cent of the investment. Wait just a moment. That is incorrect. That is for one of the examples. We

gave a weighted average to the different factors used and found four per cent as the weighted average. 3.70 was one of the examples.

Q. Did you make an examination for the purpose of get-
1018
[fol. 3831] ting data to compile your Columbus figures of the Ohio Fuel Gas Company customers?

A. We made an examination of the records of the Ohio Fuel Gas Company and took similar data from their records with respect to certain cities which we figured were comparable.

Q. Now, I want to get at the percentages for the various years. You had started that when I interrupted you.

A. In the Grove City extension the facilities were used to 37 per cent of their normal fourth year's use in the first year, to 73.7 in the second year, and 92.4 per cent in the third year, assuming the fourth as 100 per cent. The complements, the subtraction from 100 per cent, would be the excess capacity of the Grove City extension during those years.

Q. Do you consider that the Grove City extension has reached its maximum or had reached its maximum as of December 31, 1929?

A. No, it had not. I know that from later data, since then.

Q. Now, have you made any investigations to determine whether the gradual growth of the load has been true in the case of the Columbus Gas & Fuel Company, and, if so, what does your investigation show?

A. The growth that I have indicated as represented by the Grove City extension and for the other cities which we considered as comparable from the records of the Ohio Fuel Gas Company are more or less typical, and the four per cent, that is, the weighted average, in our opinion represents the interest and return charges on the excess capacity portion during the years of initial operation of the system in Columbus.

Q. How have you used or applied the results thus ob-
1019
[fol. 3832] tained? That calls for the four per cent, but have you got the figures extended?

A. That represents four per cent of the cost of reproduction new of the facilities which we have taken from

the appraisal submitted and previously referred to. The amount of that four per cent is approximately $250,000.00. That is a rounded-off figure.

Q. Have you any other illustrations of the experience of other companies or localities in respect of the gradual growth of load and the resulting unearned interest or return during the period of initial operations?

A. We mention in the report an instance from our own records in the case of the Northwestern Utilities, Limited, a natural gas plant near Edmonton, Canada, which was constructed under the supervision of Ford, Bacon & Davis, and in that case the unearned interest during the initial operation was 6.5 per cent of the cost of reproduction new.

Q. Now take up the heading attached and trained personnel, and explain the amount of going concern value embraced under the heading, and how the amount is determined, beginning at page 17?

A. An operating, fully organized utility organization such as the Columbus Gas & Fuel Company has an element of value in its trained and attached personnel over and above the value which would exist for a similar concern, the bare bones of which were just completed, but which had not started operations. There is considerable initial procedure necessary in starting a new organization into physical operation and tuning it up. The attached and trained personnel, after years of operation, represents a definite value to such a corporation. An indication of that,

1020

[fol. 3833] of the recognition of that value, is found in the practice of many industrial corporations in insuring the lives of some of their key men in favor of the corporation. We have used that factor in attempting to develop the particular amount of value in the case of the Columbus Gas & Fuel Company. We analyzed the records of personnel as to executives and department heads and found out the number of years of experience in the gas industry of each individual and the number of years of service with the corporation. The official's experience would be a valuable factor, and his familiarity with the system, represented by his years of service, would likewise render him more valuable. Of the twenty-one individuals who might be termed department heads or executives, their average years of experience in the gas industry was twenty-one and one half years and

their average period of service, twelve and three-quarter years.

Chairman Geiger: What page is that?

Mr. Turner: 19.

The Witness: Page 19. Each individual experience and length of service is stated there. The Columbus Gas & Fuel Company had on its list of rank and file employees at December 31, 1929, 456 employees.

Q. This is page 20?

A. Page 20. The period of service of those employees varied from one year to 38 years with the company and its predecessors. The average for the whole 456 showed four and one fourth years of service. The familiarity with the system and its ramifications by the rank and file personnel would be a factor of considerable weight, and the greater that length of service, the less would be the indicated labor turn-over, which is recognized as a detrimental factor. We

1021

[fol. 3834] made detailed computations separately for the office and executive personnel. We find from insurance sources that it is the frequent practice of corporations to insure their key men in amounts which frequently average about five years of annual salary. Sometimes that is as much as ten years, that is, the amount of insurance in favor of the corporation is occasionally as much as ten times their annual salary. In this particular case I think we computed an average of one and one half years' salary for the executives and departmental heads, and the details of that computation are shown on page 25. We find in round numbers the value of the attached and trained personnel to be in our opinion $60,000.00.

Q. Now, going to the value of attached business, do you know of any natural gas company that can be said to have a monopoly?

A. No, sir, not a monopoly of furnishing heat, which is their product. They are in natural competition with coal companies, oil companies and electric companies.

Q. What was the extent of the attached business of the Columbus Gas & Fuel Company on December 31, 1929, page 26?

A. During the calendar year, 1929, the company had made deliveries, exclusive of free gas and operating gas

of 6,705,147 M. c. f. They had slightly over 60,000 customers attached.

Q. 60,700, wasn't it?

A. I should have said 60,700. They had received a gross income from the sale of that gas in the amount of $3,365,-132.38. That represented the attached business on the basis of gas, customers and dollars.

Q. How was this business developed and attached?

A. As a result of considerable effort over a period of years, the details of which were dug out as the result of

1022

[fol. 3835] considerable exploratory work by myself, and interviews with old employees of the company and of the company's records, the details of which are explained throughout the several pages of the report. Do you wish me to outline that briefly?

Q. I wish you would outline it briefly, yes, sir.

A. The attached business which existed at the end of 1929, from our investigation and records and other sources of information, had finally resulted from continual effort by the company and its predecessors over a number of years. There is a continual competitive effort by other corporations engaged in selling heat, such as coal or electricity or oil, that makes it necessary for a natural gas company to make continual effort to attach additional business and additional consumers.

Q. Mr. Wheeler, I am anxious to get to the Commission any data that you have as to number of connected customers in the first year or something like that?

A. I will proceed to that.

Q. All right, thank you. Go on your own way then, if you are coming to that.

A. The Columbus Gas & Fuel Company in recent years has maintained a distinct branch of its organization for the promotion of new sales since 1927. The information which we secured showed that in 1888, the original Columbus Natural Gas & Fuel Company constructed a ten inch line to supply the city of Columbus and several outlying villages, and that during the first year after the construction of the property, a total of 75 connected customers were attached.

Q. What commissions, if any, were paid?

A. At the time the operations were started every appliance firm in Columbus and the several villages reached by

1023

[fol. 3836] the company was paid a direct commission of two dollars for each new customer secured and attached. During this initial period of operations gas was sold at a flat rate based on the number and size of the appliances used and not on the meter system. In 1890 an ordinance was secured allowing the use of a meter as a standard of measurement. After that gas was supplied on the meter basis. During the period from 1890 to about 1903, an extensive campaign was carried on for securing additional industrial consumers, and during this period supplied piping and furnished the labor to all new industrial consumers that it was able to secure such as breweries, street car companies, municipal light companies and so forth, on the provision that they would agree to use the gas for not less than one year. The cost of these installations were charged one half to the customer and the remaining half was carried by the company. Up to about 1905 approximately every commercial building, hotel and restaurant from Goodale Street to Main Street was thus attached to the company's system. That particular detailed information was secured personally from one of the officers of the company who was with them at that time and had direct knowledge of those conditions.

Mr. Butler: I think, Mr. Turner, that while we want to be fair, we will want you to bring your man in.

Mr. Turner: All right, name him.

Mr. Butler: Let him testify to that.

Mr. Turner: This man is testifying as an expert from the information obtained.

Mr. Butler: I don't think he can go out and interview your people in private and bring the facts in.

1024

[fol. 3837] Mr. Turner: We will bring him in.

The Witness: Mr. Allen.

Q. Sidney Allen?

A. He was one of those.

Q. Who else? If you haven't the names, will you secure them and give them to me later, and I will give them to Mr. Butler?

A. I think that particular data was secured from Mr. Allen.

Q. All right, go ahead.

A. About 1900 the company extended its lines and carried on a drilling campaign in another area known as the Thurston-Fairfield area and extended a ten inch main to the northern section of Columbus. At this time the company obtained the business of several industrial manufacturers of glass in the village of Utica.

Mr. Butler: What page are you reading from?

The Witness: Page 29.

Mr. Turner: He is not reading it. He is just high-spotting it.

The Witness: I am trying to cut it as short as possible. After about 1907 a condition arose which necessitated the discontinuance of active solicitation of new business because of the fact that the company was unable to obtain and secure a sufficient amount of gas to supply domestic and industrial consumers. This was particularly true during peak loads during the winter. In 1911 it became necessary that the company either discontinue certain portions of its business or make arrangements to buy natural gas from other companies. They entered into a contract and secured gas in that way, and they also purchased all the industrial users on the natural gas system of the Ohio Fuel Supply Company, from whom they secured gas at 1025 [fol. 3838] wholesale. As a result of this arrangement there was an extensive organization and commercial new business department then established by the company, and they entered into another agreement for securing new customers through dealers in appliances, furnaces and so forth. At this time they had about 25 commercial engineers and a similar number of solicitors was engaged. They ran full page advertisements in most of the papers of the city for a number of months, and their records show that during the years 1911 and '12 over 2,600 gas furnaces were installed, either in the form of new furnaces or in the alteration of coal burning equipment. One of the officials of the company estimates from his recollection at that time probably from $100,000 to $150,000.00 was spent by the company for advertisements.

Mr. Butler: Will you give us the name of that man?

Chairman Geiger: What kind of advertisements? Newspaper advertisements?

The Witness: Newspaper, lithograph, and all sorts of advertising.

Mr. Butler: What company official is that?

The Witness: Mr. Allen.

Mr. Turner: That is Allen, too.

Mr. Butler: I am not objecting, because you will bring him in.

Mr. Turner: We will bring Sidney Allen in whenever you want him.

Mr. Butler: No, whenever you want him, because if the Commission please, this is not competent unless you bring him in. It is for you. I am letting it go in upon your state-

1026

[fol. 3839] ment that you will bring him in.

Mr. Turner: Oh, the whole books and everything are incompetent on that basis. I thought we had a working agreement on that.

Mr. Butler: We have, and I am not objecting. Go right ahead and bring your man in.

Mr. Turner: Go ahead, Mr. Wheeler.

The Witness: Subsequent to this—this is on page 31—the company found from notification by the Ohio Fuel Supply Company that they could not supply sufficient natural gas for industrial users, and as a result of this condition the company actually arranged with some of its customers to remove certain gas burning equipment because of the inability to furnish industrial gas in sufficient quantities. In 1921 an ordinance was secured changing the rates to the figures mentioned on page 31, and at this time it was understood that this would really curtail a certain amount of industrial consumption. The company then made arrangements to secure additional domestic consumption through the use of what was commonly known as a radiant fire equipment.

Q. That is space heating equipment?

A. Yes, sir.

Q. All right, go ahead.

A. They installed an industrial display in one of the buildings and showed all of the appliances of radiant fire

nature and the names of all dealers who handled such equipment. This campaign extended over a period between a year and a half and two years, and during this time over 18,000 appliances of this nature were sold and connected to the company's lines. They had about 20 or 25 men engaged in inspecting and caring for this equipment. In the latter

1027

[fol. 3840] part of 1923 the Ohio Fuel Supply Company informed the Columbus Company that it would be able to supply gas only for domestic consumers, and this action resulted in the Columbus Company having to discontinue service to over 3,000 industrial users of natural gas.

In the latter part of 1924 similar steps were taken to discontinue service to over 3,000 industrial users of natural gas. In the latter part of 1924 similar steps were taken to discontinue the supply of gas to the manufacturers of food products, such as bakeries and so forth in Columbus. The commercial value of the loss of this attached business which was already on the lines of the company was very considerable, especially since the power and oil companies naturally attempted to secure the load from those concerns which were discontinued.

Q. Now, have you made any investigation of the business—I beg your pardon—I thought you were through.

A. No, I was trying to skip ahead. Shortly thereafter the Columbus Gas & Fuel Company attempted to see how much of this cancelled business could be reobtained and again attached to the system. And this involved a certain amount of new organization of salesmen for this work. In attempting to establish a unit by which we could finally measure the value of the attached business, my investigation led me to feel that the ordinary unit of the value per attached consumer was very inapplicable in this case, because of the fact that a great part of the sales effort was made not particularly to secure a new consumer, but to increase the load on the system, whether by a new consumer or one who was already attached industrially, and as a result of the study of the figures I adopted the factor which is used as the unit

1028

[fol. 3841] of measurement the additional attached M c. f. of load to the system rather than the very commonly accepted additional number of consumers. The figures of new business promotion expense, number of consumers year

by year and the amount of gas deliveries for a five year period, are shown on pages 33 and 34.

1927 was the first year in which there were any available figures for segregated new business expenditures. And in studying the several figures together, it is noticeable that in the years '27 to '29 there was a very heavy increase in total deliveries of gas sold at just the period the new business promotion expenditures were similarly increasing. We found by an analysis of these figures that in the year 1928 there was an average new business expenditure of 5.4¢ per M c. f. of increased load on the system or increased gas consumption.

Then in the year 1929 there was an average new business expenditure of 8.8¢ per M c. f. of increased gas consumption on the system. We estimated a factor based on those developed figures of six cents per aded M c. f. of increased consumption as reasonably conservative to apply to the cost of attached business of the value of attached load on the system as it existed on December 31st, 1929. And, applying this figure to the total attached annual consumption at that date we found a value for the attached business in round numbers $400,000.00. This represents—it is not computed that way—but it represents about six per cent of the estimated reproduction cost new of the physical property of that date.

Q. Are you through?

A. Yes.

Q. Take your fourth heading, the adjustment of physical

1029

[fol. 3842] property, and explain the value of that item, pages 36 to 38?

A. It is evident to us as engineers and from our own experience that any property of this nature which would be reproduced or reconstructed at any date could not be 100 per cent perfect at that time. It would necessarily require a certain amount of adjustment or trying out or seasoning over a period of operation subsequent to the completion of construction, in order that the various parts of the equipment might be satisfactorily adjusted to actual conditions. There are conditions which cannot be foreseen by any designers or engineers, which subsequently make changes and adjustment in the system necessary.

This is similar to the condition of the railroad company where it has constructed a fill, and that fill has to become more or less settled and seasoned over a period of years, so that at the end of five or ten years there is very much more operating efficiency for the railroad.

For a gas company an instance of this may be found in the case of two gas mains on adjacent streets, where one might be on an unimproved street, unpaved street, without sewers, and another similar line might be on another street where it had been paved, where sewers had been placed in, and curbing. The second line would be of more value to the company as an investment or to a prospective purchaser than the first one.

I have seen several cases of that nature here in Columbus in my study of the problem. During a period of years since the construction of the property was completed there have been a number of continual changes by the company in the adjustment and gradual seasoning of its physical property

1030

[fol. 3843] and some of those I have mentioned on the bottom of page 37, such as the necessary lowering of mains where a new grade line is established in the street, the relocation of mains where sewers are installed or where a bridge or culvert is constructed, or where the street is paved. All of those result in a certain amount——

Chairman Geiger: What page is that?

Mr. Turner: 37.

The Witness: Page 37. All of those subsequent operations result in an adjustment of the physical property, which adds an element of intangible value.

Q. What amount of going concern value is attributable to this item of adjustment of physical property?

A. We estimated at the bottom of page 38 that the minimum of one-half of one per cent of the cost of reproduction new should be assigned to this element of value, which amounts to aproximately $30,000.00.

Q. What is the amount of going concern value of the Columbus Gas & Fuel Company as of December 31st, 1929, represented by each of the four items of interest or return unearned during business development period, attached and trained personnel, attached business, and adjustment of physical property? Give us the amount attributable to

each and the percentage that each bears to reproduction cost new of the physical property?

A. We estiamte that the element of interest and return unearned during the development period in this case amounts to $250,000.00, which represents four per cent of the approximate estimated reproduction cost new.

We estimate that the attached and trained personnel has

1031

[fol. 3843a] an intangible value of $60,000.00, representing approximately one per cent.

We estimate that the value of the attached business is an intangible value of $400,000.00, which represents about six per cent, or slightly over on this figure here.

We estimate that the intangible value due to the adjustment of physical property is $30,000.00, the total representing one half of one per cent.

We find that the total estimated intangible value, based on the above elements, amount to $740,000.00, representing approximately 11.8 per cent of the estimated reproduction cost new.

And, based on that computation, our report estimates a total going concern value for the Columbus Gas & Fuel Company at December 31st, 1929, of not less than $700,000.00, which is approximately eleven per cent of the estimated cost of reproduction new.

Q. Now, have you allocated that as between the city and outside the city?

A. We made such an allocation, and the basis is explained on pages 39 and 40, as based on the amount of deliveries of gas within the city and outside. The gas deliveries inside the city represent slightly over 87 per cent of the total deliveries, and on this basis we find that approximately $600,000.00, or 87 per cent of the total, is estimated as the proportionate part of the total going concern value which we allocate to the facilities of the company used for the distribution of natural gas in the city of Columbus.

Chairman Geiger: How much was that $700,000.00?

The Witness: $700,000.00 was the total for the company

1032

[fol. 3844] as a whole, and $600,000.00 was 87 per cent of that, or representing the part applicable to the city of Columbus.

Q. Has engineering experience developed a percentage relation which going concern value bears to the cost of reproducing natural gas distributing plants?

A. It has developed a range of percentages in cases investigated in detail such as this one and a great many others, and it is found that there is an approximate percentage which in most instances applies, or rather results from the determined going concern value. That generally approximates somewheres between eight and fifteen per cent of the total reproduction cost new. In some instances it has been found to be higher.

1035

[fol. 3845] ARTHUR S. DEWING further testified:

Q. Professor Dewing, we want to get at two questions here and to get your views on going concern value and cost of financing. And I want to direct your attention first to going concern value. How would you go about it to find the difference, if any, in value between the same assembled property of a plant as bare bones, and one that had customers attached to it and was a going concern with an organization and so forth?

A. The principle is perfectly obvious that an aggregate of material property merely as an aggregate does not constitute a business. A warehouse, with its walls, is not the same as a warehouse operating and receiving and distributing goods. A steel foundry, built and ready to receive raw material, is not the same as a steel works in actual operation. That same principle applies with reference to a public utility. A public utility might exist as an aggregate of so many pipes, so many miles of wire, so many benches, so many transformers, as the occasion may be, and not have a single customer attached. It would not then be a business. It would simply be an aggregate of physical property. I think, Mr. Turner, the illustration that old Samuel Johnson used was very illuminating. Johnson was appointed executor of an estate of a man who owned a brewery.

Q. Interesting.

A. When it came to sell the brewery old Samuel got up

1036

[fol. 3846] and says, "Gentlemen, we are not here to sell a lot of vats and pans and pipes, but we are here to sell the

possibility of becoming wealthy beyond the dreams of avarice."

Q. That is going concern value, is it?

Chairman Geiger: Now just right there, Professor. Suppose in those halcyon days when Dr. Johnson could say that there was a prospect of growing rich beyond dreams of avarice, you were confronted with the Eighteenth Amendment to the Constitution of the United States; and there was a brewery that was going full tilt and making money and was compelled to close up, then what would you say would be the reverse on that? Would it be the deduction of the going concern value and leaving the brewery with its vats and pans and machinery, the reproduction value of that, or would it be a pile of junk that would not be worth anything?

The Witness: I suppose your Honor, I should consider what they could do with that mass of vats, whether they could make something called near beer or close beer or something of that kind. If there were no such possibility, I should say that from the business as a business you have got to deduct about all there is and determine the junk value. We have had some illustrations of that in street railways at the present time. A street railway may have had a great deal of business value thirty years ago, but if the customers have moved away or are using automobiles, or if the costs of operation become prohibitive, you haven't got anything there except a junk value.

Chairman Geiger: Well now, suppose you were called upon to estimate the value of that for the purpose of fix-

1037

[fol. 3847] ing a rate to be charged for street car tickets, would you fix the rate as the value of junk or of reproduction value?

The Witness: I think you would have under the statute to do it with reproduction value.

Chairman Geiger: No matter if it was really junk?

The Witness: But the difficulty is probably on that basis nobody would buy the tickets, so that you have an incident, a very unfortunate instance, where you are legally allowed to charge a rate higher than the economic conditions permit.

Mr. Turner: Is that all, Your Honor?

Chairman Geiger: That is all, and pardon me.

Mr. Turner: No, go right ahead.

Chairman Geiger: I want to preserve our tacit agreement.

Mr. Turner: No, go right ahead.

Q. From your knowledge and experience with business practices, what is the fact, is the physically unified plant of a concern with an established business worth more or less than the identical plant with a business yet to be established?

A. One has to presume in answering that question that the business was created for the purpose of making a profit, not an eleemosynary institution; but created for the purpose of making a profit. And no one would bring the business into existence unless he expected to make a profit out of the business as a going concern. Consequently if the business exists as a money making business, there would be necessary a value to it beyond the value of the physical assets, the summation of the physical assets.

Q. You men engaged in research work want to take 1038 [fol. 3848] things apart and look at them. I would like to have you give to the Commission your views of what is going concern value. I want to get the underlying theory here.

Chairman Geiger: So do we if he can give it to us.

Mr. Turner: I don't know. I am doing the best I can.

Chairman Geiger: That is good. I am glad you have got somebody that can explain it.

Mr. Turner: Professor Dewing will answer that part of it.

The Witness: Everything in the world that we know of consists of something material, plus some use we put to it. This chair I am sitting on is a collection of wood and leather and nails and glue. And it is also something else, namely, an instrument that will enable me to rest comfortably. The material things were put together for the purpose of creating this usefulness of the chair. Now, everything that we make has that dual aspect. It is the material thing plus the subjective purpose for which the thing was intended. Now, no business in the sense of an aggregate of physical things is ever brought together except that it be for the purpose of making money. No man

builds a steel works or puts together the counters in a country grocery store or builds a warehouse other than for the ultimate purpose of using that aggregate of material goods for the purpose of making money. And after——

Chairman Geiger: I cannot follow that. There are a lot of things done not for the purpose of making money. Here is a schoolhouse. That was not built for the purpose of making money.

1039

[fol. 3849] The Witness: And I say any business.

Chairman Geiger: That is all right.

The Witness: And even then it has a purpose other than the aggregate of mortar and bricks and so on. It is for the purpose of educating the children.

Chairman Geiger: That is different.

The Witness: When you get to the field of businesses, you have the aggregate of material objects plus the actuating purpose of making a profit. That is the distinction between a business on the one hand and an eleemosynary institution on the other, between a hospital run as a charitable organization and a hospital run for profit. One is a charitable institution and the other is a business.

Commissioner Bricker: On that basis, Professor, how would the going concern value be affected by the return or the amount of profit which a concern makes?

The Witness: It would be determined by that. It would be determined by that. And the difficulty with the bringing together of those businesses which were affected by a public purpose, following the old Smythe versus Ames decision, is that you start out with the postulate that if this aggregate of physical property is brought together, society must allow it to make a certain profit. In other kinds of businesses, the man brings together the aggregate physical property, and then, as it were, runs himself the risk whether it is going to be something that he or his heirs would be very glad to junk or something by which he will become very wealthy.

Mr. Ford, I understand, started out with a capital of $500.00. Society says in that kind of business there are

1040

[fol. 3850] no limitations to the possibilities of profit, and also there are no limitations to the possibilities of loss. But in this particular group of businesses to which you

allude society says, "Thus far shalt thou go and no further." But at the same time sets up guards to prevent so far as possible the loss.

Now, in the case of a public utility your going concern value is based on the fact that after you have put in your pipes for water or natural gas or your lines for distribution of electric current, a lot of direct and indirect expenses have to be incurred to bring that aggregate of physical properties into such condition that it becomes a business sufficiently profitable to come under the caption of one which is receiving a fair return on the property dedicated to public use.

Now, as I see it, there are two types of those direct and indirect costs which must be added to the already made outlay for the physical properties.

The first of those costs is the expense necessarily incidental to getting your customers. And it has been my own personal experience and I think the personal experience of most other operators, that customers do not come automatically.

A year ago last summer I was instrumental in building a water works system in a town in a neighboring state, and while the matter was under discussion we thought every citizen in town desired to take water. When the water works was completed, one heard from every side, "Why, the old pump is good enough; we will wait until the pump gives out." And a very large expenditure on the part of men specifically hired for the purpose had to be made to go around and canvass the potential patrons of the water company. As it is, the first year, of operation it has not paid

1041

[fol. 3851] the operating expense.

By Chairman Geiger:

Q. Will you permit me just one question, Doctor?

A. Yes.

Q. Now, in imagination we will conceive that your water company, which has been operating over a course of say twenty years is obliterated, wiped out, and you have to reconstruct it new. Then would you say that it would cost as much to reattach business to that water company as it did to attach it to the original water company where you had to educate the people to use water?

A. I would not think so, no, sir, but it would cost something.

Q. You are quite right on that. It would cost something?

A. Yes. And I think this fact is important, that during the earlier stages of a utility, the expense for your new business solicitation is one of education. In the case of water you have to point out the reliability of a town service as against a pump. In the case of natural gas the economy and cleanliness of natural gas as against other types of fuel.

Then, as the utility becomes older and the use of that service is accepted in the community, you meet another cost, namely the heavy expense in getting the additional customer on. As it were, the law of diminishing returns sets in.

After you have 20,000 customers on the service, the 20,000 and first customer has seen the service there for a number of years. He has a prejudice against it. Perhaps he thinks natural gas is poisonous because his great, great uncle died from the breathing of natural gas; or perhaps he has some other prejudice against it. The expense in overcoming sales resistance in that 20,000 and first customer, although it is a different kind of expense than that in-

1042

[fol. 3852] curred in the earlier stages where it is the stage of education, is nevertheless just as great as it was before.

Consequently your cost of establishing successive new customers is not one that diminishes as the property becomes older and more settled, but remains a relatively constant expense throughout its life.

Q. I don't get that. I get your reasoning, but I don't get your fact. Suppose there are 20,000 gas consumers in the City of Columbus who have consumed gas and know all about its advantages, coal or oil or anything else, and you theoretically obliterate your gas plant and then build it up. Those 20,000 will be educated prospective customers. They are waiting for their service to be put there and to be attached. Now, you go after the one extra or the two extra or the ten extra that you get on above that first 20,000 that you originally have. Do I understand you to say that the cost of getting those extra consumers would be so great that, averaged over all of the consumers, both the willing and ready consumers and the sales resisting consumer, would make a constant element?

A. No, not exactly. When the utility starts in each new customer attached is attached by reason of an expense incurred in educating that customer to the desirability of service. When the utility becomes settled, so that its services have become well known and the usefulness of that service has become well known, there will always remain in the city or town some customers not served, and the utility will direct its attention toward those non-users of the service. The expense of attaching such a customer is not one merely of education, but it is one of overcoming that customer's special sales resistance, And the cost of overcom-

1043

[fol. 3853] ing that special customer's sales resistance represents an expense in time, out of pocket cost, to the utility, comparable to the expenses incurred in the individual customers during the period when it was an education expense.

Q. I see that. I see that perfectly. But you would group your customers and your costs then. So the first 20,000 who had been accustomed to use it would not cost you so much, but the new ones who had never used it and who were sales resistant, would cost you more than it would cost to get the first of the 20,000?

A. Yes, sir. I mention this because it is sometimes alleged that as soon as the utility is established as a settled part of the community, one might call it, then the cost of adding customers becomes negligible, and it has no further increase in going concern value. It is my purpose to deny that statement.

Q. I think you are right on that. It would really approach the time where your public utility would say, "It is not worth going after?"

A. Yes sir.

Q. "He is too stubborn. It will take too much to establish him. And all that he will pay in to the company won't pay for getting him. Let it go."

A. Every utility has a number of such hard-boileds in its midst.

By Mr. Turner:

Q. Go ahead, Professor.

A. I had forgotten where I was at.

Q. You were explaining going concern value.

A. That is one of them. The other factor is this, an important factor. Society cannot in justice make a trade with any individual, and say, "We will limit your profits" without at the same time giving the individual a chance to make up for his losses. We cannot in justice tell the public utilities——

1044

[fol. 3854] Chairman Geiger: Wait a minute. Hasn't the Supreme Court decided against that?

The Witness: I did not think that they had.

Chairman Geiger: The Supreme Court decided that profits you made in the past cannot be considered in fixing the rate, that that property belongs to the corporation, and it has also decided that you cannot give a rate at the present time to make up for past losses.

The Witness: I thought they had. I thought they were cases in which that position was taken.

Mr. Huffman: You are right on that, Judge. You are right on it.

Mr. Turner: We will brief the question at the proper time.

Chairman Geiger: Pardon this interruption, Professor.

The Witness: Now, any utility that starts in business has to be built of a size to meets its probable load. You cannot put down in a main street a six inch water main, which is all that is necessary to give hydrant service, with the expectation that only a third of the customers are coming on, and then three years later pull up that six inch main and put down a twelve inch main. You cannot put in a twenty thousand gas holder, with the expectation that that will last a few months, and then as the load picks up, you will put in a larger. You cannot build a gas-works with three benches, with the expectation of tearing out the gas house and putting in three extra gas benches. You have to build the utility with reference to the probable demand in a reasonable space of time.

1045

[fol. 3855] That is particularly true in the case of water and gas companies, where so much expense is involved in pipes. Perhaps it is not as important in an electric company where you can change from No. 6 to No. 4 wires afterwhile. But in the case of a gas or water company the works have to be built as it were as a whole.

Now, it is physically impossible to attach all those prospective customers at once. Necessarily then you have got expenses, out of pocket expenses, in running the works during the first several years after operation, which admittedly, as a pre-supposition of your undertaking will exceed your cost of operation. So that whereas at the end of five years the operation with the customers all attached is worth more than at the first year of operation, when it has to endure those three or four or five years of loss in picking itself up. It has been the experience. The Cliquot dam that Stone and Webster built——

Chairman Geiger: I have your theory, but you are considering what it costs to establish the business in the past in building up the concern to a large concern; that you must overpipe your mains and all that sort of thing, because you are going to have to put a greater strain on them and use more water the second year than you did the first, and you cannot afford to take the pipes up and relay them. That is not what we are confronted with. We are concerned with what is it going to cost to attach business as of December 31st, 1930, in a town like Columbus, where we know the population of the town and how many have been using gas in the past, so that theoretically you will have all your old customers that you had on July 30th, ready to pop in and take the gas the minute it is turned on in December.

1046

[fol. 3856] The Witness: Yes, but this is not a theory but a condition that we are dealing with. The condition is that those customers—the works have to be there before the customers attach themselves to it.

Chairman Geiger: But theoretically you are going to do everything in an instant, as though some Genii from heaven would complete your plant in an instant or in a given time, and when it is done, how much is it going to cost? Now, you gave a given time on which you are going ahead.

Mr. Turner: I appreciate getting the viewpoint of the Commissioner, but I also appreciate that we want to offer the evidence and get it into the record of our own theory of this thing. We do not think that this thing springs up over night. We think that the reproduction theory contemplates the rebuilding of the plant and the re-acquiring of the customers if you please. I know we have departed from the reproduction theory every once in awhile, but I know our

statute is built upon that theory, not upon historical cost, not upon a lot of customers sitting down here howling for gas. It is a question of what it will cost to reproduce that plant as is, customers and all.

Chairman Geiger: I think, Mr. Turner, I will promise not to interfere.

Mr. Turner: You can interfere all you want to.

Chairman Geiger: Just go ahead with the evidence.

Mr. Turner: I just simply want to stop stopping our witness with your theories, if you please.

Chairman Geiger: Well, you can ask him.

Mr. Turner: You can ask him questions all you want to, but I am objecting to your stating your theory.

1047

[fol. 3857] Chairman Geiger: I won't ask another question of this witness until he is done upon his direct examination.

Mr. Turner: Fine.

The Witness: I am sorry for that, Your Honor.

Mr. Turner: I do not object at all. It is the question of stating to a witness what your views are as if that ended the thing. Now, that don't end the thing.

Chairman Geiger: Oh, absolutely not.

Mr. Turner: But the witness may not know it. I know it.

Mr. Butler: The Professor is still a young man. He will learn by and by.

Q. How old are you, Professor? I don't want to bother you with your age, but Mr. Butler's question prompts it.

A. I am fifty years old.

Mr. Turner: He ought to know something by that time.

The Witness: I think the older I grow, sir, the less I know. You may put that into the record too.

Q. And Mr. Dewing, do men buying utility properties pay more or less when there are customers attached? Do they take into consideration the number of customers attached when they buy a property?

A. Of course, in answer to your question very few utilities are sold as bare bones, as you might say. Sometimes a man will start—I have known of instances this last year or two in which they start to build a utility, get into financial straits and have to sell the bare bones to somebody else. But that is under distress. But ordinarily a prop-

erty is sold as a going business. There are various yardsticks which can be applied to check up on a willing buyer

1048

[fol. 3858] and a willing seller. But, as I understand, those are not of use in the present instance. We are not considering the market value of a utility. We are considering it in terms of what the statute and what the 212th United States and all the other cases prescribe. But it is perfectly true that any business, be it utility or anything else, is worth more as a going concern business, with your accounts in evidence, to indicate what the business is doing, the number of customers it has, the good will, the pleasantness with which the customers come to the concern, as compared to a concern without customers, but with potential possibilities of doing business, but without the actual business.

Q. You spoke of yardsticks. Is there a common yardstick that you know and could you give a measure of valuation per customer of such a plant as that of the Columbus Gas & Fuel Company?

A. I could approximately.

Q. What would it be?

A. It would be about $18.00 a customer—I am mixed up in my arithmetic; about $175.00 a customer.

Q. Do you mean now for good will or plant?

A. The whole thing; what a public utility operator might pay, for instance, one large operator might pay another large operator for such a possession.

Q. At what figure would he consider the going concern value of customers attached?

A. I think he would estimate in the neighborhood of perhaps $10.00. Those answers are made without any reference—I am not familiar with the appraisal of the property. They are made simply with reference to the number of customers and the general situation here in Columbus.

1049

[fol. 3859] Q. Now, what is the experience of the industry in the development of business? Has the experience developed percentage factors for the use of the plant during the earlier years? If so, what are those percentages?

A. I should estimate that a natural gas property could plan on reaching what one might consider the saturation point, that is, a size at which it would be expedient to build

the plant, at about five years, at the end of five years; that is in planning the size of the holder, in planning the size of the mains and the various rest of the parts, one could assume an optimum use at the end of five years, and at the end of the first year they would have about 30 per cent. of their saturation, about 20 per cent. the next three years and perhaps ten per cent. the fifth year.

Q. That is 20 per cent. a year for the next three years?

A. About that approximately; and all that would be to a large extent a function of the activity of the new business department. But that is something, I think, that could be calculated on a budget basis. For instance, in figuring interest charges to bankers, in estimating what the gross and net earnings will be over a period of time for the satisfaction of bankers, estimates of that kind, I think, could be made.

1050

[fol. 3860] Q. Mr. Dewing, before the recess I asked you for the value per customer for a utility plant such as this, and also the value per customer for going concern purposes. I want now to direct your attention to the cost of reproducing the customer as a part of going concern value. What would you say that was worth? What would you say that figure was for The Columbus Gas & Fuel Company?

A. Why, I must plead ignorance of the details of The Columbus Gas & Fuel Company, but for a gas utility operating in a city this size I should estimate about seven dollars.

Chairman Geiger: Wait a minute. Seven dollars for what?

The Witness: Per customer.

1050

[fol. 3861] Examined by Mr. Turner:

Chairman Geiger: You testified this morning it would be first eighteen, then ten. Now, you get down to seven?

Mr. Turner: No, no.

The Witness: No, I testified——

Chairman Geiger: I beg your pardon. I said I would not ask any questions.

Mr. Turner: No, no, we want to straighten that out.

The Witness: The question was how much would a willing buyer pay a willing seller?

Mr. Turner: And the $18.00 was stricken out altogether, if Your Honor, please, as I believe the record will show.

1051

[fol. 3862] Chairman Geiger: It is in the record.

Mr. Turner: I think it is there.

Q. I want to direct your attention to cost of financing, and I wish that you would explain the theory underlying the cost of financing and the difference, if any, that there is between the cost of financing and bond discount or interest during construction. I'm giving you a lead. Go ahead, if you please.

A. As I understand, if you please, bond discount arises from the fact that business has bought its money at a coupon rate less than its credit entitled it to. That is, suppose the credit of the company, let's say, is on a six per cent. basis. The company could sell conceivably seven per cent. bonds at a premium or five per cent. bonds at some discount or four per cent. bonds at a still further discount. And if they sold the five per cent bonds at a discount, the difference between the selling price of the bond and par would represent a charge which would have to be allocated during the life of the bonds as an increment of the interest rate of five per cent. Similarly if they sold a seven per cent. bond at a premium, that premium would be written off over the period of the life of the bonds. In other words, it seems to me that bond discount or bond premium is merely a function of the rate of interest and dependent entirely on the option of the company as to what they desire to have the coupon rate on the securities to be.

On the other hand, cost of financing arises on an entirely different basis. No investor, no investor, comes voluntarily to a business man and says, "You are going to go into business; take my money and use it." It is always a result of a trade and a matter of negotiation, in which for a

1052

[fol. 3863] large enterprise small amounts of capital have to be gathered from many sources. Now the gathering of the money from those many sources represents a cost which the business must bear in the same manner for example that the gathering of different types of iron ores from different localities represents to cost; in other words, a cost which is inevitably a part of the total cost of getting the property together, and has nothing whatsoever to do with

the discount or the premium at which the securities may be sold.

By Commissioner Bricker:

Q. On that basis then would you conclude that the cost of financing ought to be capitalized as a part of the base?

A. As part of the intangible going value; in other words, a million dollars gathered together and dedicated to a business purpose has for that business purpose greater value than a million dollars scattered all over the country in small hoards of thousands of individual investors.

Q. But your bond discount is a carrying charge and should be considered as a matter of expense.

A. A matter amortized over the period of the life of the bonds, just the same as the premium should be written off over the life of the bonds in case the bonds are sold at a premium. It is an increment to or a subtraction from the annual cost of the money.

Q. In your judgment could a utility, costing approximately five million dollars or more, be constructed if it depended upon the investment of a few persons who became interested in it and invested only their own money?

A. I should doubt it.

Q. In your judgment what would be the cost of financing

1053

[fol. 3864] such a utility as the Columbus Gas & Fuel Company?

A. I have thought of that considerably, and I should estimate it at about four per cent. of the money obtained.

Mr. Turner: You may cross-examine.

1077

[fol. 3865] Q. Doctor, have you made an estimate in dollars of the amount that you give to going concern value in the case of the Columbus Gas & Fuel Company?

A. No, sir, I have not, no, sir.

Q. Doctor, if I ask you——

Chairman Geiger: Didn't you have it on the last page, page 39 or 40?

Mr. Turner: He had no exhibit. That was Wheeler, another witness.

Q. By the way, Doctor, have you examined Mr. Wheeler's exhibit?

A. Yes, I have.

Q. Have you had it for some time?

A. No.

Q. Not until you reached Columbus?

A. It was sent to me two days ago.

Q. I expect you are a trained student?

A. I am afraid not. I wish I were. I read it with a great deal of interest.

Q. We read it with amazement. If, Doctor, I requested you to give us in dollars and cents the going concern value which you would allot to this Columbus Gas & Fuel Company, what facts would you require?

A. I think I would pick out the three major elements in my estimated value. I recognize the significance of Mr. Wheeler's estimate on trained personnel and the like. But it is so intangible an estimate in the situation that I do not think I should attempt to form a dollars and cents estimate. But the three elements that I think I could work out such a dollars and cents estimate from are the three I have

1078

[fol. 3866] already testified to:

The cost of attaching customers, which I think is approximately $7.00 a customer;

The cost of carrying not the losses, but the cost of carrying the works during the first five years, until they reach such a point that the works are supplying the optimum of customers;

And, third, this element that I have been examined by you about, representing the cost of financing.

Q. Do you mean by that that your cost of financing is included properly within going concern value?

A. With going concern value, yes, sir.

[fol. 3867] Cross-examination.

By Chairman Geiger:

Q. Do you know, Doctor, anywhere where you could get somebody to tell us what going concern value is? We have numerous engineers here and no two of them have so far agreed. Could you refer us to somebody that is standard on that?

A. To be frank with you, Your Honor, I think if you should get 50 so-called experts in here, their description and definition of going concern value would be found to constitute fifty separate definitions.

Q. That is almost as bad as they had in this report of the Wickersham Commission. But would you suggest to these two or three people who sit here as a Commission, could you suggest, some plan that we could follow with safety? If 50 engineers give us 50 opinions, which one will you follow?

A. I think all 50 of them would testify that the going concern value is a real thing.

Chairman Geiger: Oh, I think that is true. I will admit that.

1079

[fol. 3868] The Witness: And the whole 50 of them would also testify to your physical valuation and give you 50 separate physical valuations.

Q. Well, they have not done that bad. They get nearer than that. But now, as I understand you to say your cost of financing is included in your judgment in going concern value?

A. I have so testified, yes sir.

Q. So that if we get another engineer who says that his going concern value does not include cost of financing, you would differ with him?

A. I certainly would, yes sir, because it represents the cost of gathering the capital. The capital ready to be invested in the enterprise is a very different thing than the capital scattered from Dan to Beersheba. You cannot run an enterprise, you cannot start an enterprise, unless you segregate into a single pot the capital necessary to do it. I should apologize for being emphatic.

Q. Cost of financing; you have testified that the cost of attaching a customer is $7.00?

A. In estimating it.

Q. Where do you get it? What is that made out of? Now, there are sixty thousand customers on this gas line.

Mr. Turner: 60,700.

Q. That is $420,000.00 for 60,000 customers. Now, that is a considerable sum of money?

A. But it is a very different thing from the bare bones of a plant and the 60,000 customers already connected, and there isn't probably a single practical operator—I am just now appealing to the other side of the thing—but would pay more than $400,000.00 difference between a plant ready to serve 60,000 customers and a plant already serving 60,000 customers.

1080

[fol. 3869] Q. You mean that if the people were there ready to be served but had not been connected up, that you would pay a wholesale price of $7.00 if they were as a matter of fact connected; that it would cost you more than that or that much to connect them?

A. Yes.

Q. Now, haven't you a little confusion, or at least haven't I a little confusion, on this, that you are talking about the value of going concern, what it is worth, and not what it costs to produce it?

A. That is why I made the observation and the answer a moment ago when I made the statement from the other side of the question. You suggested to me that you thought that this sum of $400,000.00 was an unusually large sum to be referred to that item, and in justification of my opinion that I did not think it was, I used as evidence the fact that a buyer of the property would gladly pay that additional amount for a property serving the customers over a property on which 60,000 customers latterly had to be dup up.

Q. Now, Doctor, of course, it would not take any argument at all to convince anybody that a going concern with a connected business is worth much more than a dead concern, either one that has not had any customers during its lifetime or which from circumstances and conditions has lost its customers to somebody else, because if you have no customers, all of your physical equipment is junk and scrap. Now we can see all that. There is no argument on that. But here is the problem we are facing. Considering the fact that there are within the city of Columbus 60,000 people who have been accustomed to burning gas and have been educated to burn gas, and that there are within the

1081

[fol. 3870] City of Columbus now enough operatives properly to serve them, if at an instant of time, which is fixed as the 31st of December, 1930——

Mr. Davis: '29.

Q. (Continuing:) '29, there was a plant completed ready to join on to those willing to buy, where would it take $420,000 to acquire them and get them on the line? If you can differentiate that and tell us why? Is it newspaper advertising?

Mr. Turner: Haven't we assumed it would take three years to reproduce this plant?

Chairman Geiger: That is all in on the other.

Mr. Turner: No, this is part of it. I do not agree with Your Honor at all on that. This is a question of reproducing the entire plant. You do not reproduce it on December 31st, 1929.

Chairman Geiger: It is the value as of that date.

Mr. Turner: But we have assumed a three year period to reproduce it.

Chairman Geiger: Very well, take it. Mr. Wheeler had the element of an over capacity of plant, that there was an unearned interest there that he estimates, I believe, at four per cent, if I remember correctly on the theory that you had to build your plant in certain portions of it larger than their demands required. Would that be an element of going concern?

The Witness: Yes, I think I have so testified, and you may recall that I suggested a five year period. Possibly you may recall my statement that a water pipe and a gas pipe has got to be put down for its final use and not just

1082

[fol. 3871] for its temporary use its first year. And I estimated it would take five years to bring the customers up to what I called the optimum capacity of the plant. And the company has to undergo expense those five years to carry the burden of an oversized plant.

By Chairman Geiger:

Q. Your testimony is to the effect then that it is going to take five years to complete the attachment of the customers to the completed plant?

A. Yes, sir.

Q. Or that the attaching of the customers and the building of the plant runs side by side for a period of five years?

A. That the plant comes ready-built; and you cannot put up a small gas holder and then six months later put up a larger one.

Q. Oh yes, we have all that.

In other words, it comes the proper size to take care of the customers who will be attached——

A. To that plant at the end of five years.

Mr. Turner: May I call your attention to one thing, if Your Honor, please. In our Exhibit No. 2, we base our cost of reproduction upon a three year period, and we attached part of the customers each year. That exhibit is built up on the assumption that for the first year we will have some return, the second year some more return, and we are getting those customers in that period. Now, that has been testified, and we take the interest on construction out of capital, and we take the taxes out of capital.

Chairman Geiger: You are quite right on that.

Mr. Butler: A three year period, Mr. Turner.

Mr. Turner: We are talking about a three year period for Exhibit No. 2.

1083

[fol. 3872] Mr. Butler: He is talking about a five year period.

The Witness: I am not familiar with that. I was asked my opinion on that situation.

Mr. Butler: Oh, I am not criticising you, Doctor. I will do everything except that.

Mr. Turner: This came up by virtue of the Chairman's assuming, as I thought, that everything was going to be done on the 31st day of December, 1929, and that is the part that I protested against.

Chairman Geiger: I think one of the Supreme Court Judges of the United States used that expression, by some magic wand or something of that sort the thing could be made or brought into existence at a particular time.

Mr. Turner: That has gone over a period of years.

By Chairman Geiger:

Q. Have you analyzed this, Doctor, or are you just guessing at it, as to how much of this plant is going to be overconstructed before the burden of the customers is placed

upon it? Now, we will concede in a gas company that through the main streets of the city, where you are laying your large pipes, you are going to overconstruct, because you have not hooked up with the consumer. But as you get into the residential parts, where you have the three inch pipe or the four inch pipe would you say, if there are no consumers there, that it would take five years to hook those consumers on to the full capacity of the plant? Assume their existence now and then obliterate the plant, build it over again and attach your consumers? Do you say it would take three years?

A. You get 30 per cent the first year.

Q. Where do you get that?

A. I am just estimating it.

1084

[fol. 3873] Q. What are you estimating it on?

A. I am estimating it on my own experience.

Q. What has been your experience? Have you ever built a plant?

A. Yes.

Q. Where did you build a plant?

A. You mean a gas plant?

Q. Yes.

A. No, I never built a gas plant.

Q. Then you didn't have any experience on which you are estimating it?

A. I have observed a great many things.

Q. Have you ever observed a natural gas plant built?

A. Yes, sir, I have.

Q. Where?

A. In Pennsylvania.

Q. Where?

A. In a small town in Wayne County.

Q. What is the name of the company?

A. I don't recall. It was a small town.

Q. Do you know how large a town?

A. Oh, it is about 2,000 inhabitants.

Q. What was the course of your observation over there?

A. You just pinned me down to one particular case.

Q. I want to know what your experience is.

Mr. Turner: Why don't you give him some time to talk?

Chairman Geiger: Why, I am doing that.

Mr. Turner: Oh, Lord, you just interrupt all of the time.

Chairman Geiger: All right, I beg your pardon. I will keep quiet until he is absolutely done.

Mr. Turner: All right, please do that once, and I will subside.

Chairman Geiger: We will both subside then. All right.

The Witness: I think I have already testified that I am director in some of these natural gas companies and I have

1085

[fol. 3874] seen appropriations made and listened to the estimates of the operating men as to what this appropriation will do and how much overbuilding has got to be done.

Q. Where do you listen to the estimates?

A. Where was the estimate?

Q. Yes.

A. At the directors' meetings in Boston at various times.

Q. By whom?

A. The Atlantic Gas & Electric Company, operating natural gas properties in Pennsylvania.

Q. Now, those estimates to which you listened in the Board of Directors' meetings were all estimates based upon theory and not upon actual operations?

A. A theory which has a jibe up with facts, because hard-boiled business men are not going to appropriate money simply on the basis of theory.

Q. Now, were those directors in that company you speak of finding out how much it was going to cost to build a plant or how much they were willing to pay for a plant that was already built?

A. They were estimating the extensions, appropriations for extensions to already existing plants, and how long a period was required to get these extensions up to their full operating capacity.

Q. Well, what towns did those refer to?

A. I am sorry I cannot remember. Jewett City was one.

Q. How big a town is that?

A. I can't tell you. I am——

Mr. Turner: Are you going to let him answer?

The Witness: These are small towns, with the names of which I am not familiar. I could easily refresh my memory. One was Wayne. I cannot recall the details. It is companies which supply small towns in through Western

1086

[fol. 3875] Pennsylvania with natural gas.

Q. May I be permitted to suggest that possibly, Doctor, your testimony is based upon what your engineers have estimated rather than upon actual observations of basic facts that already exist?

A. Of course, the engineers I may say had to have their basic facts in order to make their estimates, because they would not be retained as engineers very long if the basal facts and the estimates did not jibe.

Q. That is what we are trying to get down to. These engineers testify and testify, but when we get down, "Why do you testify that way," they simply say, "It is my estimate or judgment." Now can you tell me some actual experience?

A. I have not, no sir.

Q. So you are not testifying from experience at all?

A. Not from actual experience, no, sir.

Q. You are testifying from what people with whom you associate say their experience is?

A. Yes, and balancing such say-so's together.

Q. Now, I want to limit myself to a few minutes more. As I understand Doctor, your principal connection with gas companies has been that of one who buys gas companies rather than operates them?

A. I would say chiefly the former, yes, sir.

Q. Your mission, so far as your company, the holding company is concerned, is to give to the Board of Directors your view as to a particular utility that is offered for sale and as to what is the right price to pay for it?

A. Yes, sir.

Q. Or at least how much you are willing to pay for it?

A. That is from a practical point of view, yes, sir.

Q. So that what you do when you go to look at a company,

1087

[fol. 3876] I assume, at least some of the things, in the first place you ascertain the size of the town and in a general way the character of the people, whether or not it is a residence or a manufacturing town; you go down to the gas office and look over the books and find out what their profits have been and how many patrons they have, what rate they charge, what their contract is with the company that supplies the gateway price, and what possible availability there is for gas in the future; you don't pay much attention to

digging into the ground and looking at a gas pipe to see its deterioration?

A. You are right, yes, sir.

Q. Or you do not take your pencil and your engineer and figure how much it is going to cost to replace this plant?

A. Although, of course, we must be conversant in a general way with that thing, so that we would not buy a property where we are going to be forced to reduce rates too quickly.

Q. You want to know that the condition of the plant is such that the Commission can find the value that will justify a fair rate?

A. Yes, sir, that is it.

Q. That is primarily what you are interested in?

A. Yes, sir.

Q. So that when you approach the question of going concern value, you do not approach it as we are obliged to approach it, as to how much it is going to cost to reproduce it?

A. No, sir.

Q. But how much going value there is, and you mix with that the question of good will and don't try to distinguish between that and going concern value or the cost of producing going concern value, but just what you want to know is whether that thing is producing a revenue that will justify

1088

[fol. 3877] the money you are going to put in it, or whether the condition is such that the Commission will permit that or a higher rate?

A. Or if it were going to permit a lower rate, we would not get licked on the price paid. That is practically the idea.

Q. If you were coming into Columbus to estimate the value you would look around, look at the lay of the land and the number of people, the kind of people they were, how many manufacturing plants there were, your gas supply, look at the books for the income and so forth, but you would not get down and say it is going to cost $400,000.00 to attach business or anything of that sort?

A. No, sir. I have tried in my testimony here to put myself in a position of what you might call a theorist, basing my answers on the postulates that it is necessary for you to assume in this case, not with reference to what

a willing buyer and a willing seller might agree as a fair price for property; I have tried to leave out of account these considerations of market value, which, as you allege, is the field where my practical experience has been chiefly confined.

Q. That is just what I wished to bring out, Doctor, that your practical experience, rather than being only theoretically reconstructing a plant, has been one of an investor in an already constructed plant?

A. That is correct, yes, sir.

Q. Going and operating?

A. Yes, sir.

Q. Now, you spoke this morning of $78.00 per customer?

A. 175.

Q. You first said 78?

A. No, 18, I think I said, sir. I had got mixed up with my zeroes.

Q. You are right. I see the dollar mark here makes it look like 78?

1089

[fol. 3878]

A. Yes, 18. I got mixed up In other words, I could not perform mental arithmetic quickly. I did, Your Honor, as we oftentimes too often do, spoke without due reflection.

Q. And I am given to that myself quite seriously. You testified, I believe that $175.00 per customer was the measure for arriving at the whole value?

A. I think the question asked either by counsel or by yourself, was on the basis of a willing buyer and a willing seller, what would I think the value of this property would be. I cannot myself see why that was pertinent to the present testimony, but I have endeavored to answer it as best I could.

Q. Then you testified something about $10.00 per customer?

A. I was asked about how much I would attribute of that $175.00 to what you call the going concern value.

Q. Then you afterwards placed that at $7.00 instead of ten?

A. I placed $7.00 as the cost, what I estimated the cost of procuring the customer, that there was what you might call that element of selling price which could be properly allocated to that.

Q. The $7.00 would be a reproduction of the customer?

A. Yes, sir.

Q. The $10.00 would be the value you would give to each customer in estimating the value of the property as a willing buyer or willing seller?

A. Yes, sir.

Chairman Geiger: I see.

By Mr. Butler:

Q. Doctor, is going concern value, the amount of going concern value, affected by the danger of lack of supply of natural gas?

A. I should say very much so, yes, sir, but I am assum-

1090

[fol. 3879] ing in this calculation that that did not enter into this situation at all. I was estimating that a utility, in order to operate as a utility, could obtain its supply of natural gas, because if that should cease, why, obviously you have got neither going concern value nor value as a business nor even as a utility, because it cannot render any service.

Q. Suppose I were to assume that there would be a failure in 25 years, how would it affect going concern value?

A. I should say it would not only affect going concern value but affect every value in connection with it. I should say that from the buying and selling point of view you have to write off the whole plant in 25 years. From the point of view of rate making purposes, you have got to permit a rate to write off the property in 25 years. But I don't think there is any justification for making any such assumption. The first acquaintance I ever had with natural gas was up in western or northwestern Pennsylvania. It was the little town of Mercer. I was supplying the electric light there, and the people wanted to sell their natural gas plant to us, and it was attached to the pipe line that went through western Pennsylvania up to Ashtabula, Ohio. And we refused to make the purchase on the ground that the evidence seemed to indicate that that supply for that line was growing less and less, and it would not be long before the little Mercer Company, the little retail distributing company, would be destitute of a source of gas, I think experience has shown since then not only in the eastern fields but in the

western fields, but more and more the great trunk lines are being tied up with each other, so that instead of drawing

1091

[fol. 3880] from particular fields, we are drawing really from a great reservoir of natural gas, so that the possibility of one particular locality being destitute of natural gas—that possibility seems to be, with the development of the industry, growing less and less each year.

Q. And that, generally speaking, in a city like this, is a factor that need not be noticed?

A. That is what I was assuming, yes, sir.

By Chairman Geiger:

Q. What per cent would you think it safe to put aside for the time the gas would be depleted to pay you back your capital?

A. I should refuse Your Honor to even guess at that, the wildest sort of guess. I should assume in the buying of a natural gas property today in our eastern field, I should assume that that was a possibility which did not have to be taken into account. The advanced technique, the possibility of the use of producer gas in connection with natural gas; and the ultimate substitution of producer gas for natural gas, if necessary, in the eastern territory—all those were factors which made such an assumption unnecessary.

Q. So if you would assume that somebody in this case had testified that it would be the part of good business to put aside a reserve of four per cent each year to get the capital back at the end of 25 years, you would not agree that that was necessary?

A. No, sir, I would not agree.

By Mr. Butler:

Q. Doctor, the matter of an allowance in going concern for attached and trained personnel is simply too elusive for you?

A. I should not care to make a dollar and cents estimate on that, no sir. Undoubtedly it is true that an organization

1092

[fol. 3881] is smoothly running as a result of the fact that you have eliminated those misfit employees, as a result of the fact that all of the employees have learned the particu-

lar ropes, is a more valuable going concern than one just starting up with raw employees who have got to make mistakes and learn their various ropes before the thing is going. But while I admit that that is a fact as an element in going concern value, I do not care to crystallize that into a formal element.

Q. Isn't that another way of saying, Doctor, that you just cannot fairly put it into dollars and cents?

A. I don't think so, no, sir. Just the same as I testified a few minutes ago, that there might be fifty different engineers who would differ in the theory of going concern value. I don't believe that the concrete estimates of those fifty people would be very different from each other.

By Chairman Geiger:

Q. You mean that they would all arrive at ten per cent?

A. Within a margin of ten per cent, either way.

Q. Doctor, isn't about 95 per cent of that due to the instinctive desire of the utility to save some ten or twelve per cent of an alleged investment by way of going concern? Isn't that one of the great battles that you utility men have had?

A. We contend that that is a specific value. We contend, Mr. Butler, that where you expend $25.00 to show a man how to learn to test meters correctly, that that $25.00 is just as much an expense, just as much an expenditure for the service of the public, as $25.00 for a coil of copper wire or a few lengths or iron pipe. The mere fact that one is intangible and the other something tangible, that is objec-

1093

[fol. 3882] tive, that can be felt, in no wise affects the fact that both expenditures are of value to the service rendered. One is more easily gauged, more easily written, than the other.

Q. But, Doctor, it is not a question of whether the value for sale is correct, but whether there is a value there that must be taken into consideration for rate making purposes?

A. But the money has been expended, sir, for the employee in training him to read or test meters accurately.

Q. But, Doctor, assume just for the sake of argument, that that man has been trained at the expense of the company, and that that expense has gone into operating expenses and been allowed and paid?

A. The company cannot play both ends against the middle. But I was assuming it was not so done.

Q. Oh, Doctor, are you assuming, when you discuss trained personnel, that in some way this training has been at an expense that has not found its way into the annual operating charges?

A. I would have to examine the methods of accounting and ascertain how the thing was done.

Q. Let me put it a little differently. I see your point. If I should tell you in respect to a particular company that those expenses have gone in year after year as a part of the operating expenses and been paid as such, then you would make no allowance for that, would you?

A. No, they could not be capitalized. You cannot both capitalize and include in the operating expenses the same expense. That is elemental.

Mr. Turner: May I ask a question?

Mr. Butler: You better let me finish this, Mr. Turner, if you don't care.

1094

[fol. 3883] Mr. Turner: All right.

Q. Now, Doctor, that brings us to another interesting question. You will observe that Mr. Wheeler has set out in his exhibit No. 63 many statements of fact, with some of which we agree, with others of which we may disagree, but among others he points a very considerable expense, indeed a new expense, an increased expense, beginning say about 1927 and running down, for the attachment of business or the development of business; and he considers that, if I understand him, as one of the bases for determining the dollars and cents that go into going concern value for attaching business. Now, let me ask you to assume—you are not passing upon the truth of what he says—but I am asking you to assume that all of those expenses about which he speaks for those things have gone into the operating charges for those years and have been paid as such and are set up here in the exhibits as parts of the operating charges of the company, now would you carry the results of that into going concern value?

A. You and I are talking an entirely different language. If we are talking of historical costs, no. If we are talking reproduction cost new, yes.

Q. Doctor, I am not asking you whether I am putting it rightly. I am asking you to answer that question. Now, I have stated certain facts to you. I have called your attention to an exhibit which you have read. I have stated rather freely and generally, and I think with fair correctness, what Mr. Wheeler has said, and I have asked you now to assume that those expenses went into the operating charges and were paid as such. Now, whether you will carry the effect of those years of work represented by that money paid out of those operating expenses into going concern value is the question I ask.

1095

[fol. 3884] A. When you consider going concern value from the point of view of reproduction of the business new, yes.

Q. Well, Doctor, what would you say if I should suggest then that they ought not to be in the operating charges?

A. You are then talking about the historical development of the company. As I undertsand it, we are asked to establish a reproduction new value for this property, and I am testifying today concerning that value which has to be added to the bare bones' value, as I have heard it called today, the mere physical property value, to give a reproduction new value of the business as a going business, the difference between the two being this somewhat intangible but nevertheless real going concern value.

[fol. 3885] Q. Doctor, you understand this is a rate case?

A. I have been so led to believe.

Q. I was a little in doubt about that.

Mr. Turner: I don't think that is fair, if the Commission please, I don't like to break into cross examination, but we have not set this up in our operating expenses here in our rate base at all, and the witness is quite right in differentiating between historical cost——

Mr. Butler: Is there any excuse for that?

Chairman Geiger: One at a time. You must go one at a time or the stenographer must stop you or stop himself.

Mr. Butler: Now, I have tolerated that day after day. Just as soon as a witness gets in a little trouble my friend interferes.

Mr. Turner: The witness is in no trouble whatever, and I am objecting to the Commission on the statement made by counsel. And I am getting tired of that, of his testifying,

1096

[fol. 3886] of his opinions to the witness.

Mr. Butler: No, no, no.

Mr. Turner: There is a wrong assumption I want corrected. There is no such thing as setting up in the operating expenses upon which we are asking a rate any of this going concern value as an operating expense. It is true we have given historical costs, but those historical costs are not worked into our operating expenses. We have shown what the operating expenses were for a year. We don't go back and pick up the operating expenses in years gone by, and we object to the characterizing of them in that way.

Mr. Butler: The trouble with the gentleman is he does not know what he is talking about.

Mr. Turner: Well, we will leave that to the record and the Commission to say which one of us that applies to.

Mr. Butler: Very well. The Exhibits are here, Mr. Turner, and the Commission understands them.

Chairman Geiger: Now, is there anything for the Commission to rule on?

Mr. Butler: No, Mr. Turner, has finished his testimony and we will go on.

Mr. Turner: In rebuttal of the gentleman on the other side.

Q. Now, Doctor, with your permission we will come back.

A. All right.

[fol. 3887] Q. Doctor, remember that I am not asking you to subscribe to the truth of the statements I made. I am talking about assumptions. Let me again phrase it, because I want to know how you think about it, and I want to know what your view is. Whether it applies to this

1097

[fol. 3888] case or not, the Commission will have to determine. But assume now that there has been a very active campaign in recent years, beginning in '27, '28 and '29, by which business was extended, customers attached, that the cost of that was very considerable, but that it was

fully covered by charges under operating expenses, and paid. Now do you say that the results of that campaign, purchased, as it were, with money that was paid under the operating expenses for those years, should be carried into a going concern value or become part of a rate base?

A. I certainly do, yes sir.

Q. In other words, it makes no difference to you whether they were paid out of the operating charges or not?

A. Or given to the company by charity or from whatsoever source the money came from. The value is there at the moment of time under consideration.

Q. Of course, it was not given by charity. It was given by the users of gas and came out of the proceeds of the sales to them, and charged to operating expenses.

Mr. Turner: Is that a question?

Mr. Butler: I am putting it to him so that he may answer it if he desires.

Q. Now, as I understand, this $7.00 per customer in your mind is the fair cash cost of that attachment?

A. Yes.

Q. Stockholders' money upon which they ought to have a return?

A. Somebody's money on which they ought to have a return.

Q. Somebody's money, yes. Assume that the stockholders put it in, they should have a return?

A. Yes.

Q. But assume, Doctor, that the money came from the customers for gas used by them and that these expenses

1098

[fol. 3889] year after year were charged up as operating expenses and fully paid and discharged, it does not change your opinion?

A. Not in the least.

Q. Could anything change your opinion?

Mr. Turner: I don't know whether he means that as a statement or not.

The Witness: Is that oratory or a question, Your Honor.

Mr. Butler: Call it oratory, Doctor, if it gives you any pleasure.

Chairman Geiger: Did we examine into what makes up that $7.00? I have forgotten.

Mr. Butler: No, I was coming to that.
Mr. Turner: You did, but counsel has not.

Q. Break up that $7.00 for us, Doctor.
A. When the physical property is built, the possible users of its service are all using substitutes. If it is electric lights——

Chairman Geiger: How is that?
The Witness: Are all using substitutes. If it is electric lights, they are using kerosene or gas. If it is gas for fuel or for heating, they are using coal, wood, kerosene or some other fuel. Somebody has got to convince the users of these substitutes that the new service offered by the utility is of such a kind that it is desirable for them to make the change, so that during the initial years of the utility's existence large sums must be expended in what you might call education, the education of the value of the service. Gradually, as the utility becomes settled in the community, a part of the life of the community, the utility will have obtained a connection with the vast majority of possible customers, who are easily educated to the value of their service, but the utility will not rest with that situation. It
1099
[fol. 3890] will persevere. If it has a main down a side street and there are seven houses and it has already connected five of them, they will send their new business man repeatedly after the other two, by various means endeavoring to induce the other two to make connections. So that while in the initial years the expense of connecting the customer is very largely one of education, the expense continues on as the utility reaches its maturer years as an expense of overcoming the sales resistance. And, as the Chairman of this Commission remarked, there finally comes a point undoubtedly when there are customers for whom it costs too much ultimately to make the connection.

By Mr. Butler:

Q. Now, Doctor, I am wanting you to break down the $7.00 into component parts, if you can, and I want to find out why it is $7.00 rather than 70 cents or $3.50 or $10.00 or $14.00?
A. It cannot be broken down.

Q. You see this is a large sum of money just to write on paper, and you will, I know, pardon me if I seem a little inquisitive about getting at the method of determination. Suppose I were to enter into a controversy, and I shall never have any controversy with you, and say, "Doctor, you are mistaken; it is only $3.50 per customer; or $3.00 per customer," or suppose one of your utility friends, a little disappointed at your estimate, should say "Why, my dear doctor, you are wrong; it should be ten or twelve dollars;" now what is the answer to those observations? What is the answer?

A. The answer simply is that in my judgment it is $7.00, and that I endeavored to explain in the earlier stages, the expense is largely expense of education. In the latter stages it is the expense of overcoming the sales resistance 1100 [fol. 3891] of the recalcitrant customer or the recalcitrant possible customer.

Q. I had the thought this morning—I know it was here-say—why you didn't leave that fellow alone if it were costing you so much and let him go on enjoying the life he is choosing for himself?

A. I think it would be very wise for utilities to do that, but they have a certain persistence, sometimes wisely motived, and sometimes otherwise.

Q. Can't the Harvard School of Business Administration educate that out of them?

A. I am afraid not. I profess no——

By Chairman Geiger:

Q. Pardon me, may I have just one question there? I don't know whether it is a repetition or not, Doctor. But in my own mind it is a dark spot, and I want you to illuminate if you can. Assume that there are now 60,000 educated customers accustomed to use natural gas and satisfied with it as against oil or coal or any other source of light and heat, and that there are in addition to the 60,000 still others that it is necessary to go out and get and attach them to your business. Now, where does this $7.00 apply, to the new ones beyond the 60,000 or to all of the 60,000 who are already educated and do not need any further encouragement or education?

A. Oh, you can't assume that they are all educated.

Q. We are admitting or assuming that they are now customers of the company and that they are now willing and ready to continue to burn it at a reasonable rate. They don't need any more——

Mr. Turner: Under what section of the statute do you assume that?

Mr. Hoffman: Reproduction.

1101

[fol. 3892] Mr. Turner: You are assuming that in reproduction?

Chairman Geiger: Let me put it in a little blunter way.

Mr. Turner: All right.

By Chairman Geiger:

Q. Do you want us to understand that to reproduce a physical plant and fix the cost to reproduce a physical plant that you are to be paid for reproducing the intelligence of people who are already educated?

A. Pay for the cost of bringing the 60,000 people up to the point that they are——

Q. Well, that is already done.

A. Educated to take the service.

Q. Assuming that that is already paid for and they are already educated and that has gone into and been paid by the company and we are going to bring them up now to January 1st, 1930, with the community, such as Columbus is, with the educated customer, and then present them a new plant, would you educate them all over again?

A. No, but I would carry into the new plant the fact that there has been expended this large sum to bring them up.

Q. Now, isn't this true, that if the money that it costs to educate them had already been accounted for and paid by the rate payer, by the amount of money he paid into the company's treasury, that that re-education, or the fact that they were educated, ought not to be capitalized; it has already been paid back to the company in their running expenses?

A. In the running expenses; but there again we are considering the historical side of the thing.

Q. The historical question is that the people are educated

1102

[fol. 3893] to use natural gas?

A. At a cost to somebody.

Q. At a cost?

A. And at a cost to somebody, and when they come to make the connection that cost is carried forward. In other words, the fact that there is a plant ready to serve 60,000 customers is a different thing than a plant ready to serve 60,000 customers who are willing to take, and the difference between those two is the difference that has been expended by somebody, and however charged, to bring the potential 60,000 customers into the class of actually 60,000 customers.

Q. Now, do I understand your view of it is this—and it seems to conflict a little with your before expressed view on the same question or the same class of questions as to educating your employees—as I understood your view about bringing the personnel of the organization up to a standard where it could properly serve the public, that if they had been paid a wage and that wage charged the consumer, that it ought not to go into capital account?

A. No, I did not so testify. No, sir, I did not so testify. The question that was particularly brought out by counsel was whether or not it had already been charged—been paid as a part of operating expenses, and should it be capitalized. My answer was no. But there we were considering it from the point of view of historical costs. When it comes to a valuation of the property, reproduction cost new, there not only is the reproduction cost new of the physical property but the reproduction cost new of, first—not necessarily first—the cost of getting the customers in a frame of mind to take the juice or take the service, whatever it may be.

1103

[fol. 3894] Chairman Geiger: Let me ask a question.

Mr. Turner: May I ask the Commissioner a question there?

Chairman Geiger: I think we can get along better if we ask a question on a specific point. These long involved answers——

Mr. Turner: Possibly the record will clear that up, but I want to ask the Chairman if we are to assume that there is an open trench there and we cannot have the value of that trench because there is one there now? You are confusing, if Your Honor please, historical cost with this cost of reproduction new. Now, I hold no brief for cost of re-

production new. I have paid my respects to it a number of times, but that is what the statute says we have to do here. I don't want the Chairman to get mixed up between historical costs and cost of reproduction new, which is an estimate and a theory. I have a right to ask you if you expect us to use an open trench and get nothing for digging it just because there is a trench there now.

(Answer read.)

The Witness: (Continuing:) Which I have estimated to represent a cost of $7.00 per customer; also the cost of developing the personnel force sufficient to operate the well oiled machinery of the plant; and I refused to estimate that in dollars and cents as being so intangible that it is extremely difficult to do.

By Commissioner Bricker:

Q. Do you know whether the company carries any account for that?

A. I don't know it, but I should think it very unlikely that they would because they are basing their system of accounts on historical costs.

Q. You don't know how it would be handled in the case of retirements?

A. No, and then, to go on, these other elements I have referred to, namely, the losses, or the cost to overcome the

1104

[fol. 3895] few years when they have inadequate business, and the cost of financing that I have already testified to.

By Chairman Geiger:

Q. Now, Doctor, returning to the point of historical cost, would you or would you not admit that during the time Columbus has been using natural gas, the people have become used to its use and favorable to its use?

A. I should, yes, sir. Of course, they have.

Q. And that has been paid for in the past by someone?

A. Yes.

Q. That education is now behind, isn't it?

A. Yes, sir.

Q. Now, we are going to reconstruct the value as of January 1st, 1930. Would you say that we are confronted in

estimating the cost of going concern value with an ignorant population which has to be—wait until I get through?

A. Yes, I am.

Q. Who has to be re-educated, or would you say we are confronted with a population that knows all about natural gas and they don't have to be educated at $7.00 per head?

A. I should say the latter, but I should include as part of the cost the expenses that have been incurred to bring them up to that state of mind, so that they are willing, able, anxious to take the service of the utility.

Q. Let me ask one more question. The theoretical reconstruction is that you obliterate and wipe out all costs and all plants and all everything that exists in the past and start all over again?

A. Yes, sir.

Q. And you are confronted then with the condition of the public mind that exists at this present date, that is, an educated public; is that correct or not? Or are you confronted

1105

[fol. 3896] with an ignorant public?.

A. If you are going to obliterate everything, you would also have to obliterate the inclination on the part of the people.

Q. I see; re-educate them all?

A. Yes, you can't take it on the one hand without at the same time admitting it on the other.

Q. But, Doctor, I would admit that you are perfectly correct on that if you were fixing your present value for rate-making purposes on the historical value of money expended; you could say, "We have spent so much in educating the public; we are going to get that back". But that is not the theory as I understand it. The theory is you are going to reconstruct the property new, confronting the population as it exists in the City of Columbus. In other words, you might go theoretically back to the time the Indians were here and say it costs so much to rebuild your streets.

Mr. Turner: Isn't that just exactly what we do, cost of cutting paving?

Chairman Geiger: Well, you are not cutting down virgin forests in laying sewers.

Mr. Turner: We have to cut paving and we are entitled to that valuation. Of course, we have got out now by mix-

ing up, just as I think the Commissioner is doing now, historical cost with reproduction, the question of paving that we never cut.

Chairman Geiger: Let's don't get into that.

Mr. Turner: It is an illustration. I know you don't like to get into that.

Chairman Geiger: Wait a minute. Do you object to the question I have asked?

1106

[fol. 3897] Chairman Geiger: Do you overrule the objection?

Commissioner Bricker: I have forgotten the question.

Mr. Turner: I wish the Commission would get down on the other side once.

Mr. Butler: You will force me, Mr. Turner, to take the witness stand against you.

By Commissioner Bricker:

Q. I would like to get back to how the company handles this matter of value. You say likely it has not entered it in the books, because they keep them on the historical basis. Wouldn't that be all the more reason, if there had been an actual expenditure for that, that the books would reflect what that expenditure is?

A. I should imagine a person analyzing the books over a period of years could reconstruct an account from which they could get this cost of educating the public, adjusting the personnel, and that sort of thing.

Q. You do not know from what accounts, as the company has its books set up, it would be found?

A. No, because I don't remember your system of classification. But I feel quite sure, as has been suggested, it would be found in the operating accounts. New business campaign, perhaps the cost of putting on different campaigns; you have a definite salesman who does new business work; if there is a commission given to the employee for getting new customers, that would be included. I can conceive of perhaps a dozen or more different ways in which such costs should get into the accounts, and I should think that most of those would get into the operating accounts rather than the capital accounts.

Q. Have you answered the primary question, as to what

1107

[fol. 3898] makes up this $7.00, as distinguished from $8.00 to $10.00?

A. I simply allege it to be an estimate on my part.

By Mr. Butler:

Q. Doctor, if books were perfectly kept from the beginning, you would simply resort to the books, would you not?

A. That is true, yes, sir.

Q. In other words, while I thought you criticised me for talking about historical costs, your idea of going concern value that goes into a rate base under perfect books would be determined by the historical cost?

A. Not determined, because you would have different costs of labor at different periods. It would give you an indication of what it would be.

Q. Wouldn't it be the major item?

A. No, I don't think it would be. Twenty years ago you might have paid your new business man $20.00 a week. At the present time a new business man, to do the same work, might be requiring $40.00 a week.

Q. Then it would be an adjustment?

A. It would be an adjustment, yes.

Q. So your idea is that you could come to those old accounts and adjust them to present day prices and you would have a perfect exposition of this item of cost of attaching business?

A. I would hesitate to testify it was perfect. You would have a very close approximation.

Q. Doctor, two questions, maybe a third, I am assuming, Doctor, that this company has its books perfectly kept, so that all of those items could be traced down; assuming, however, that all of those costs have been paid by the stockholders, contributions made for that purpose, and which have been carried into operating accounts and expenses and paid in that way. Now, stop there and assume the

1108

[fol. 3899] opposite, that the stockholders never contributed a penny to that, that every dollar of those historical costs were charged to and fully paid under operating expenses. Would you make any difference about the going concern value that you would put into a rate base?

A. Not one iota.

Q. Assume further, Doctor, a third case. Change the second a little bit and assume that throughout your stockholders had a fair and complete and just return on their investment, that these expenses were paid under operating expenses by the proceeds received from the sale of gas, would you still make any change?

A. Not at all, no, sir.

Q. You see nothing inconsistent in taking all of this historical cost from the consumers, leaving the stockholders with proper profits, and the capitalizing of what they paid into going concern in a rate base?

A. The going concern value for the rate base is a figure as of a particular date. I testified that the crystallization of that figure would be indicated or rather could be got at by an examination, historical examination, of the books, were the books perfectly kept and necessary adjustments made.

Q. Doctor, pardon me. I think I have stated facts, whether they are true or false you need not worry. But it does seem to me that that can be answered by you by a direct yes or no, and I should be obliged to you if you will?

A. Well, I will. I see no difference.

Mr. Butler: Now, I should be obliged if the Commission will let me go.

Chairman Geiger: May I ask one question?

By Chairman Geiger:

Q. If the consumers have paid enough money into the 1109 [fol. 3900] treasury in years past to educate the public until the public becomes a consciously gas burning public, willing to use gas, should they be again educated and the cost of educating be put into the capital?

Mr. Turner: You have two questions there.

A. We are assuming there a value as of a particular date.

Q. Could you answer that yes or no, Doctor?

A. Yes, the answer is in the affirmative, yes.

Mr. Turner: There are two questions.

Chairman Geiger: Maybe I am wrong on that.

(Question read.)

Chairman Geiger: Your answer is yes.

The Witness: Yes, now, just two or three sentences to explain my answer. By capital I am meaning the reproduction cost new value for rate making purposes.

By Chairman Geiger:

Q. And you would say there should be added to the value of the property for re-educating an already educated public $7.00 per capita?

A. Yes.

Q. Or $420,000.00 in this case assuming there are 60,000 consumers?

A. Yes.

[fol. 3901] F. C. Hamilton further testified:

Q. Is there a value in a natural gas distributing plant known as a going concern value?

A. Yes, sir.

Q. Just tell us briefly what that value consists of?

A. It is a value for the business in operation with the customers attached and their organization developed over and above any that could be obtained by an inventory of the physical property. It is the result of the training of the organization and of the time and money spent in attaching the customers and of the time and money spent in getting your physical plant in good operating shape after the construction period; in other words, getting the "bugs" out of it.

Q. Are you familiar with the cost of attaching the business to a natural gas distributing company?

A. Yes, sir, I am. The expenditures that are made in the way of advertising, in the way of solicitation, in the way of credits extended for the sale of appliances and in the various engineering services that are performed gratis for customers in delivering them the kind of gas furnace, either for home or for industrial purposes, that they should have, and advising them in connection with that, all run into a very considerable amount; and the attaching of the business after your physical property is constructed takes a considerable period of time.

Q. What would you say it costs to attach customers to a natural gas distributing plant such as the Columbus plant?

A. With the Columbus plant, with a rate of 48 cents, it would probably cost about 15 cents per thousand for the

1114

[fol. 3902] business attached—for the annual business attached; in other words, placing the price of attaching business on the per thousand cubic feet of annual sales varies as the price goes up or down because it costs about as much to obtain a customer at 40 cent gas as it does at 60 cent gas or at 80 cent gas; but at the different rates the customer uses more; as the rate goes down the customer uses more gas; so when you reduce it to a thousand foot basis it results in a lower price per thousand feet.

Q. Well, are you able to give us an approximate cost of reproducing those customers attached to The Columbus Gas & Fuel Company in dollars?

A. Yes, sir; about $14.00 or $15.00 per customer.

Chairman Geiger: Mr. Turner, not wishing to interfere with the witness, but I am not sure that I got him; is it 15 cents per thousand?

The Witness: It is because their sales are roughly about 100,000 feet per customer and that results from the $15.00 cost divided by the 100,000 feet per customer annual sales.

Chairman Geiger: Do you mean by that 15 cents per thousand for the year?

The Witness: For the annual sales per year.

Chairman Geiger: For every year thereafter?

The Witness: Oh, no; that is the cost of attaching the customer who will buy at the rate of 100,000 cubic feet per year. No, that cost is not repeated.

Chairman Geiger: That is what I was getting at; is it 15 cents for every year or 15 cents——

The Witness: 15 cents for attaching the customer. Now

1115

[fol. 3903] if you want to reduce it to the rate per thousand feet of sales, just divide it.

Chairman Geiger: It is not clear from what the witness says, that it is worth 15 cents per thousand for the amount consumed annually, whether that 15 cents is for every year after he is attached or for the year in which he is attached.

The Witness: No; it is just the original cost of getting a customer on who will use at that rate.

Chairman Geiger: I see; it does not repeat itself each year?

The Witness: No, sir.

By Mr. Turner:

Q. Now, Mr. Hamilton——

A. Just a minute; there are certain expenses, such as a continuation of advertising, that do repeat themselves each year and which are added to advertising expense because if you went to sleep on the job and did not advocate your service your sales would again decline, but those are purely operating expenses for maintaining the customer after you have gotten him on your lines.

1122

[fol. 3904] Q. One final question; I don't know whether I brought it out or not; do you consider cost of financing as a

1123

[fol. 3905] part of going concern value?

A. No, sir; it is incurred long before there is any physical property. It has no connection with the going concern value. You could incur cost of financing and build the physical plant and for some reason stop right there.

Q. And you would have incurred the cost of financing and have it in there before you get your going concern value?

A. Oh, you must, because you could not even start doing work that creates going concern value until after you get your physical plant built, and you cannot let the contract for building that until you have your money arranged for.

1135

[fol. 3906] Cross-examination:

By Mr. Butler:

Q. Your experts speak about the "bugs" in the system; it always makes me think of the grippe from which I am suffering; but identify those bugs for us.

A. You lay out a system you base it on the best information as to the soil conditions that you have; you buy pipe on certain inspection and install it; your soil is not well packed; in some situations you have a shifting; you have

a defective piece of pipe that, in spite of all inspections you may have made, gets by that has to be corrected; you have a settling of a newly constructed railroad elevation

1136

[fol. 3907] which breaks off a piece of pipe for you. You have a thousand and one little things in the first year or two or a new system that cannot by even the most careful work be eliminated; you will have leakage in a new system for which you have to stop and bag off mains and locate that. There may be just one string, one length of pipe in a mile, that is defective, but you have to locate it and get rid of that. And after you have gone through a period of a year or so you have got most of those things out; in other words, you have developed the places at which the human element in your construction work fell down and let get by them certain defects in either workmanship or material.

Chairman Geiger: Well, now, I wish you would develop as to why that should go into the capitalization.

The Witness: Because it is a necessary cost of the construction of an operating line. It occurs in all cases. It is just as much a cost of the line as the fact that you get a force out on construction work and it happens to rain and you have to pay them a certain amount and haul them back and get no work out of them. It is one of those things over which we have no control and could not obviate unless we were gifted with clairvoyance.

Chairman Geiger: Is it all paid for in the operation of the plant if something develops out of your maintenance cost?

The Witness: No, because it comes about at a period when you have only a small portion of your total customers on and when you probably are not earning your operating expenses and therefore cannot be paid back.

Commissioner Bricker: Is that generally more than is allowed in omissions and contingencies in a set-up of this sort?

1137

[fol. 3908] The Witness: It is different from omissions and contingencies, which occur during the construction work and which become apparent during the construction work and which are the result of our inability, so far as omissions are concerned, to accurately inventory every-

thing. Two forces making an inventory will neither one of them put in anything that they do not find, but both of them will necessarily leave out some things that they did not see.

Chairman Geiger: Well, we have had testimony in other cases to the effect that that allowance for contingencies and omissions is to cover at least to some extent the element that you now speak of as getting rid of the bugs in the system.

The Witness: Oh, if they made their omissions and contingencies allowance large enough; of course, they could put it into anything, as far as that is concerned, and maybe in those cases they could. I would not do it in my set-up.

By Mr. Butler:

Q. Mr. Hamilton, in speaking of the bugs you spoke of a thousand and one things that might arise; I assume that is somewhat figurative and rather indicative of your inability to enumerate the many, many things that would enter into this?

A. Yes, sir; something that happens on this property may not happen on another, but something else will take its place; a different soil condition and a different grading condition of the street you laid it in; and so forth and so on.

Q. Mr. Hamilton, for how many years does this charge run or at what time would you cut it off, if at all?

A. Oh, I should say that after the first year you would be by that; you ought to have the things straightened out

1138

[fol. 3909] in a year of operation. Sometimes it shows up in the first day of operation. Now we try to guard against that in pipe lines where we have access to high pressures; for instance, the minute we build a large pipe line we put a high pressure of air on that and deliberately try to blow out the weak spots, and we can do that in pipe lines but we cannot do it in a distribution system because we would get into trouble with the small pipes and customers' meters and things like that; we get rid of that early in a pipe line system for that reason.

Q. We had testimony from engineers in the other case that when they laid mains here that is exactly what they did.

A. They do so far as the mains justify pressures but they would not dare put in pressures probably above two or three pounds in their distribution system; but when we go to a pipe line system we will put 350 pounds pressure on it.

Chairman Geiger: If you are theoretically reconstructing a new plant you could do it as you went along before connecting it up, couldn't you?

The Witness: No, it could only be done after you had your system in operation.

By Mr. Butler:

Q. Mr. Wheeler, in his Exhibit 63, refers to the adjustment of physical property; I assume that is what you mean?

A. This is the same thing, yes, sir.

Q. You have read that, haven't you?

A. No, sir, I have not read it; I have it here and I have looked at some of the figures but I have not gone through the exhibit.

Q. Well, he puts in that the lowering of mains due to the establishment of new street grades?

A. That is just one of the things that might happen 1139
[fol. 3910] to you. When you lay out your system you do it on the basis of the non-known grades; after you have developed your plans, within a week the city engineer may have gotten through an appropriation to lower a particular grade; you have to go back and take care of that particular thing, and maybe before you have even completed the construction of your system.

Q. Yes, but you would keep it within the first year, wouldn't you?

A. I would, because you will have developed then practically all of the troubles that would come under that heading.

Q. And after that time you would charge them just to operating expenses?

A. Just to operating expenses, yes, sir.

Q. Well, after all then you pretty nearly bring that item down to unforseen emergencies and contingencies, things that you could not see, when, as you say, you drew your plans when you started, but which have come about almost at the same time with the location and building of the property?

A. That is one part of it, and the other part of it is that in spite of your inspection you will get some poor material in, which when you commence to operate will show up, and things of that kind. Plumbers will make poor points, inspect them as carefully as you can; various and sundry items; you will get defective meters on and things of that kind.

Q. Well, Mr. Wheeler allowed for those, as I remember it, $30,000.00, and he seems to have taken it over the whole period of the life of the property; now what would you allow for your one year?

A. All he proposes is to capitalize that amount; he does not mean, I am sure, to charge later developed items down through the years to capital account, he has allowed an

1140

[fol. 3911] amount to cover those items, or he has allowed it, I assume, on the assumption that those items are developed from early in the operation of the property and capitalized, and that later things would be charged to operating expenses.

Q. How many basic items do you put into your going concern value?

A. I put in the cost of attaching the business; I put in this development of the physical plant and also the development of the operating force. No matter how good an executive you put in charge of a new property, and no matter how careful he is in choosing his employes, after you have worked a little while you will find that some of them do not work together; that your judgment has been poor on some of them; not any great percentage probably, but there have to be some changes made and adjustments made between personalities because of your over-estimating their mental capabilities or their behaviour in general.

You can pick out a very good man, as you think, to handle your complaint desk and you find maybe he has dyspepsia and there are days when he is peevish with the customers; he may have been in a good frame of mind when you hired

him; and you have to change him; and various little adjustments that have to be made of that kind.

Chairman Geiger: Now, at that point, in the ordinary private corporation all of those troubles of which you have spoken will be met by the management, will they not?

The Witness: They will be met by the management, yes, sir.

Chairman Geiger: Take Ford's manufacturing plant, for instance, or any other such large plant; that always con-

1141

[fol. 3912] fronts the organization and the management?

The Witness: Yes, sir.

Chairman Geiger: Now where, in any statement of such privately owned corporations, does there appear any such item as a part of the capital?

The Witness: It does not appear on any of their financial statements; they just naturally add it to the price of their product and collect it.

Chairman Geiger: It is not segregated and say "So much for the value of our betterments and so much for the condition of the public mind towards our product"; they would add it in as a part of the cost and charge it to the consumer?

The Witness: Certainly, because they do not have to go to anybody for regulation of the rate that they shall charge and they therefore can keep their accounts as they please. For instance, I know that furniture and fixtures of The Western Electric Company were carried at one dollar; I know that they had in excess of $5,000,000.00 worth of furniture and equipment, but when anybody bought a new desk they charged it up to expenses right now because they had to account to nobody for the rates that they charged for their product.

Chairman Geiger: Pardon me, Mr. Butler.

Mr. Butler: That is quite all right, Your Honor.

Q. Now you have three items then in your going concern, cost of attaching business, the matter of personnel, and getting the bugs out of the plant?

A. Yes, sir.

Q. Well, I am a little interested in knowing what you charge for getting the bugs out.

1142

[fol. 3913] The Witness: I would have to make a study of this plant to determine what that amount ought to be, what I would estimate it to be, and I would want to go over the physical property and plans and see what they have before I could determine an amount.

Q. Well, this was started many, many years ago, like a Blue Sky Commissioner walking over the Oklahoma fields to see whether you have an oil deposit or not?

A. I could arrive at an amount that would be satisfactory to me and to my firm if we were considering buying this——

Q. And to me?

A. Not if I were trying to sell it to you probably; you would want it at something less, which is your present situation; I doubt whether I could satisfy you.

Q. But, Mr. Hamilton, where do you divide that which

1143

[fol. 3914] you consider when you are selling a property and that which you consider when you are establishing a rate base?

A. Eliminate entirely the question of any excess earnings a company may have in the rate base or any lack of earnings which they may have in the rate base; in other words, in establishing a rate base you are trying to get an amount on which they should earn and it can neither be affected by the fact that they are earning more or less than that. When you come to buy it, if it is earning less than you should, you will try to buy it for less than the rate base on the assumption that under your management you can get its earnings up to what they are legally entitled to, and therefore the difference between the price at which you buy and the rate base which you think you can establish ought to come to you as profit for good management. If you find that they were earning in excess of a fair return your purchase price would probably be reduced to the fair return because that is all you have a reason to suppose you can protect in the way of earnings and you discard a part of their earnings as temporary. You would eliminate all question of good will, which is not a portion of the rate base, and cannot be taken into consideration, whereas the difference of the standing with the public which a company has makes a decided difference in the price you would pay for it.

Q. So you would have to inspect the property physically before you could fix an amount for adjustment of physical property?

A. Oh yes.

Q. What do you require before you fix the amount for attaching a trained personnel?

A. I have always had to consider the type of business that they were in, the conditions under which they operate

1144

[fol. 3915] it, and the question of what the competitive situation was with other finds; for instance, you would not have to have as high type a salesman to sell natural gas at 70 cents in New England, where they pay $14.00 a ton for coal, as you could for a salesman to sell natural gas in some other territory where they can get coal for $6.00 a ton. You would have to go into the conditions, the competition with other fields, the relation with the public regulatory bodies, and the attitude of your newspapers, and things of that kind.

Q. All of that went to fix the amount that you would put into the rate base for attached and trained personnel?

A. Yes, because it determines the type of personnel that you have got to have, those conditions do.

Q. Well, Mr. Hamilton, you have no formula then by which——

A. No.

Q. It is a matter of judgment?

A. It is a matter of judgment and experience.

Q. Well, Mr. Hamilton, suppose I told you just to assume that there is a very high class personnel in the management of this company; you know generally its business, the magnitude of it; you probably are about as familiar with the business of this company as one could be who has actually been in the operation; now you think that for that a certain amount of money should go into the rate base?

A. Yes, sir.

Q. On which a return should be made?

A. That is true.

Q. But you would have to do quite a bit of figuring in order to fix it?

1145

[fol. 3916] A. I know only three of their organizations; I haven't any idea how many employees they have; I don't

know what their average payroll is; I don't know whether they have or have not a new business department, and a thousand one questions I would want to ask.

Q. Well, Mr. Hamilton, suppose on the other hand I told you to assume that this very company had been unfortunate in developing a personnel; that it is not good; that people like Henry L. Doherty & Company, expert managers, taking over this property, would find it quite necessary greatly to reorganize the personnel, then you would put nothing into the rate base?

A. I would put a lesser amount.

Q. But still put something if I told you it was a rotten organization, would you?

A. I would, because a rotten organization very largely has to do with the people who lay down policies; it does not necessarily affect the routine that has been developed for six meter testers to test meters at a given rate per day, knowing where their tools are and having their work laid out; it does not necessarily mean that your meter readers are wrong; it does not necessarily mean that your bookkeeping accounts are inaccurate. The question of rotten management is very largely a reflection of policy that has been adopted that has created, maybe, a spirit of antagonism on the part of the public; but that is not created by the bookkeeper who never comes in contact with the public; and yet it takes time to train the bookkeepers to get their bills out on time. There always would be a remaining value. I could not conceive of an organization so poor that none of the men knew their jobs and could not do it reasonably well.

1146

[fol. 3917] Q. The question is whether something should go into the rate base upon which consumers would pay a return when you find that organization in as bad a condition as I have generally indicated to you?

A. Well, there still would be something left to go in there; there would be still some work that would have been done which you would not necessarily have to develop if you came in to change the organization, and by that amount it would have a value.

Q. Well, coming to your own expression a moment ago, these differences sometimes are differences of management, aren't they?

A. Yes, sir.

Q. John Jones, a capable manager, will build up a trained personnel?

A. Yes, sir.

Q. John Smith, not so good, will fail utterly; now that difference of management is going to result in different amounts in the rate base?

A. Yes, sir.

Q. That is your position?

A. Yes, sir.

1147

[fol. 3918] Q. Do you figure interest or return unearned during the business development period as a part of going concern value?

A. No; if I get your question straight, there is an interest during construction that is prior to any operation which is a capitalizable item and which is not in my estimation a part of going concern value. There is a cost of attaching business——

Q. Yes, but I am not——

A. Which partically comes from a large force than is justified by your number of customers that you have on, and those costs would go into going concern value; now if the unearned interest is a part of that cost, yes, it is a part of the cost of developing the business because it results from the element of time while you are developing it.

Q. Well, you put it into your going concern; it is your going concern and not mine; I am trying to get what you put into your going concern for the purpose of this rate base?

Mr. Turner: Objection. He has not put anything in on that score at all in his testimony.

Mr. Butler: Mr. Turner, you are too good a lawyer——

Chairman Geiger: Objection overruled.

Mr. Turner: Note an exception.

The Witness: Over a long period of time I have put into the cost of attaching business what has been developed from our experience as that cost. The other items of going con-

1148

[fol. 3919] cern value are something that have to be computed on the basis of studies of what the conditions at that plant were; I would not want to make a general answer as

to whether I would or would not, because that gets pretty closely to the deficit method that the old Wisconsin Commission used to use and which can under particular circumstances be carried to a ridiculous proceeding. There is some justification of capitalizing the early justifiable deficits, and the Wisconsin Commission, in attempting to do that, laid down their deficit method. But that, if carried to the extreme, would make a higher rate base for a poor managed, misconceived project than for a good project, so again comes your element of judgment as to what is and what is not justifiable. I do not believe anybody can lay down a formula for those things that will apply in all cases or in many cases. You have got to exercise your judgment.

Q. Well, have you exercised your judgment here in respect to this?

A. I have not made a study that would permit me to, no sir.

[fol. 3920] Q. All right; what amount in dollars for attached business have you allowed?

A. About $15.00 per customer.

Q. In other words, when you come to fixing that element of going concern value for the rate base you simply inquire the number of customers now attached?

A. And the amount of sales that they are making to those customers; they might have the same number of customers and only have that half developed.

Q. Well, you consider this property developed?

A. This property is developed, yes, but if I were to go on a new property and the sales were only 20,000 feet per customer when I know they can be brought up to 75,000 feet

1149

[fol. 3921] per customer, I would not make nearly as good an allowance because there is a lot of work still to be done.

May I explain a little further?

When we change from artificial to natural gas it takes us a long time to get them to switch from just the use of gas for cooking, to which they were used in the use of artificial gas, and to begin to install or buy furnaces which will get the sales up to what is a normal sale for a natural gas property. Now, if I came in that interim I would give them such portion of that value as they had created by attaching

the possible business which my judgment tells me can be attached.

Q. You think the attachment here is a perfectly normal attachment?

A. Yes, sir, they are selling about 100,000 feet per customer.

Q. Is there any relation between what you allow for this element of going concern and the amounts of money which have been actually spent in producing the situations of which you speak?

A. I think there is a very definite relation between those, but I cannot prove it on a property as old as the Columbus Company because the records in the early days were not so kept as to make that information available. I say I think there is a definite relation because I think that our company operates about as well as the next one and we have not been able to do it anywhere else at a lesser price, and I am just assuming that they have not done it, whether their records show it or not.

1151

[fol. 3922] Q. But if those were sufficiently kept, if those accounts were complete enough, that would determine then that element?

A. Yes, that would establish the cost of reproduction, assuming good management; what it cost them is what it would cost you, and therefore on the reproduction basis would constitute a determination of value for it when created.

Q. Well, in your accounting and with your many companies, are those amounts paid out as a part of the operating expenses?

A. The amount is charged to operation, yes, sir.

Q. And should be paid before you get a proper return on the rate base?

A. I don't know as they should; they usually are.

Q. Well, if you get a proper rate base in proper accounting and a proper return, they both would be paid, wouldn't they?

A. They both would be paid, yes.

Q. And yet, assuming that this company spent $100,000.00 this year, in 1931, which under your conception would be carried into this going concern value, and assuming that it is paid as operating charges, and assuming that in addi-

1152

[fol. 3923] tion to that value a proper return is made to the company for its investment, next year would you carry that amount over into your additional rate base?

A. If it had created a value, yes, sir.

Q. Well, I think it is perfectly plain—if it had created a value?

A. Yes.

Q. Oh——

A. If they had spent $100,000.00 and had not added any customers, I would not, certainly.

Q. Oh, I see.

A. That would be $100,000.00 just wasted without the creation of anything of value.

Q. Would it?

A. It would, and it would be something that the stockholders would be entitled to stand.

Q. Do you measure anything there in the matter of the addition of customers?

A. Addition of customers,—and by customers I mean a customer buying a normal amount of gas which makes him a profitable customer. If they went out and added customers that lost you money at unreasonable rates below your cost I should say that they had not been managing your property properly and I would not pay them anything for it, and I don't think they are entitled to capitalize it in a rate base.

Q. Well, don't you include in that any money paid for keeping customers satisfied?

A. No.

Q. You do not?

A. I do not; that is charged to the operating expenses and remains there as a part of the cost of operation.

Q. Well, don't you charge anything for trying to increase properly the amount of gas that customers use?

A. Oh, yes, because that makes the customer additionally

1153

[fol. 3924] valuable. But if I were to come back here next year—to make my position clear—and find next year they have the same number of customers buying the same amount of gas, or five years from now, I would give them the same value as I do now. I would not allow them to capitalize anything that may have been spent in the interim for maintaining that position which they had five years previous.

Q. But suppose you came back and found the same number of customers but you found a million of additional gas sold; then what would you do?

A. I would raise that valuation.

Q. Sure——

A. Because the customers would be more valuable; I would rather have 50,000 customers buying 200,000 feet of gas than 50,000 customers buying 100,000 feet of gas per customer.

Q. Then how would you allocate this matter of expenditure; you have spent $100,000.00; you have not added any new customers—I mean the total is the same; of course that means you have added some new customers?

A. Oh, yes.

Q. Because others are quitting; but you do find that you have greatly increased the sale of gas; now what method do you present to the Commssion here?

A. Well, I will tell you what we do in our records; we take the total amount of the new business and expenditures and the cost of those departments that have to do with keeping customers satisfied, your complaint desk and things of that kind; we add that together; we take our customers at the first of the year and their sales for the preceding year; we take our customers at the end of the year and their sales; we take the number of customers attached to make up

1154

[fol. 3925] this amount of customers at the end of the year. For instance, I may state, to make it simple, we start out with 5000 customers; we add 1000; we lose 500; so our net addition is 500. We charge on that basis half of those expenses to operation and half to capital; half of them were spent to add 1000 customers; the net addition was 500; so half of it goes to capital; the other half goes to operating expenses, which was expended to just maintain the position you had the year before.

Now that is the proceeding which we have adopted; it is not anything for which your classification of accounts provides, and other people may differ with me as to how that should be done; but that would be my definition of the division between what is operating, which is necessary to maintain your present position, and the expenditures which created a more valuable situation.

Q. Mr. Hamilton, you are a man of wide experience and you are able—and I do not say that the flatter you—therefore before you leave I want you to tell the Commission why you think that is the case I have put to you, where the customers have paid this money back to the Company and given them a full return, those amounts should still be carried into a rate base on which interest or return will be paid in the coming years?

A. The customers, except at their own option, have paid the company nothing; they do not have to, and there is no Commission or law that can make them use our service; the only reason they use our service is that it is better and more convenient than any other service they can get, and for that reason they do not pay us anything for operating expenses

1155

[fol. 3926] or anything for return; they pay us for gas, and at their own choice, at a rate which is fixed by some regulatory body which is based on these various things. If the stockholder chooses to reduce the amount of dividends distributed and expend that money, which is properly and rightfully his, in the creation of additional property, it is his property; the customer at no time ever has any claim on it. He cannot take $1.00 and buy 2000 feet of gas with it and then say "That one dollar went to pay for operating expenses and I therefore have an interest in your property in addition." He cannot make one dollar do two dollars worth of work; he bought service; he did not buy any portion of interest in the property whatsoever. There is no law that limits us to a fair return; we are put under regulation and the Commission can fix our rates at an amount which says "You may earn a fair return," but if they happen to make a mistake and we earn more, it is our property and no part of the property of the customers or of any one else.

So, likewise, when the Commission makes the same sort of a mistake, which they are five times as apt to make, and allows us a rate that does not give us a fair return, we have no recourse and cannot go back and collect the past deficits.

But the customer has no interest in our property whatsoever; he buys service and his dollar is paid for gas service and not for a portion of our property.

Q. Mr. Hamilton, that sounds a little like a defense of the Divine right of Kings. But let us pursue it a little fur-

ther. These utilities are dedicated to the public, aren't they?

A. Their service is, yes.

Q. And their gas?

A. If you will quote the exact phraseology of that you

1156

[fol. 3927] will find that they are dedicated to public service; the property is dedicated to service; the property is not dedicated to the public.

Q. Well, now let me go a step further; this is very interesting; I knew you would make it interesting. Is this a little fallacy in your observation, or not; you can tell us; take this company; it is here seeking a fair rate theoretically, and theoretically the City is here to give it a fair rate, and the statutory duty of the Commission is to fix a fair rate. Now, it is conceded that the company must have a fair return on the investment, but in order to determine that, this company, or other companies, do set up as a part of the costs of operation these expenses, and they are paid, which are going into the new rate base; now does that look quite fair?

A. They do that under the classification of accounts prescribed by the Public Utilities Commission; they have no option on it; we could not keep our books differently from what this Commission required any more than we could fly.

Q. I know, but you could keep it out of your rate base though; that is voluntary; you could say "We have been paid and do not intend to charge"——.

A. But we have not been paid.

Q. Well, in my estimation you have been.

(No reply.)

1162

[fol. 3928] Q. Well, if these new customers of whom Mr. Wheeler speaks at page 33, took a normal amount of gas, then you would carry over $15.00 per customer to the rate base?

A. Approximately $15.00 per customer, yes, sir.

Q. But suppose that I told you to assume that this company in 1924 quit giving extensions; that in 1925 it enjoined the city from compelling it to give extensions, and that they refused, under that injunction, until past the middle of 1927, when the Federal Court by mandatory injunction compelled them, to add new customers, and that there were

already accumulated for that probably 2000; would you allow anything for those customers that — added under those conditions?

A. When you say "extensions", had they refused to build extensions into new territory?

1163

[fol. 3929] Q. Yes.

A. That did not apply to the addition of customers within territory they were already serving?

Q. I think it did somewhat apply to it.

A. Because they would still continue to add customers on the territory where their lines already extended. I have been through many of those fights on extensions into territory that would not justify in the way of return the extension we were asked to build; in other words, they might ask us to build a mile of line to take on two or three customers, to which we very naturally objected; but I would add for those customers they did add, when they added them, that value, yes, irrespective of how those customers were added. They are there; they are of value; and no matter if somebody gave them to them they still have a value.

Q. Do you seriously mean, Mr. Hamilton, that because of those customers obtained under those conditions you would add something to the rate base, although those people stood there knocking and the City stood with them demanding that they be given service, and they finally got their service through a mandatory injunction of the Federal Court compelling the company——

A. Yes, I certainly would.

Q. All right, sir.

A. The question of how you obtain something has nothing to do with the value of that which you have obtained.

Q. Doesn't it?

A. No, sir. My stickpin which I am wearing was given to me, but the fact that it cost me nothing has nothing to do with the determination of its value, which would be determined on the cost of reproduction of what I could get another one like it for, and it could not be taken away

1164

[fol. 3930] from me at any lesser value.

Chairman Geiger: Would you say that principle applies to natural gas coming out of the ground; that is, you can

dig natural gas out of the ground at one price, and it is worth exactly the same as if you could dig it out of the ground at another price very much less?

The Witness: No, sir, that is not what I said. I said at the price I could get another identical with it, and that would be naturally at the best price I could get another stickpin—not at the poorest price.

Chairman Geiger: I don't believe your statement would hold water on examination.

The Witness: I think it has been proved.

Mr. Turner: Well, I challenge the Commission's statement on that.

By Mr. Butler:

Q. That is so startling to me, and my ignorance is mixed up with it, that I want to go a step further. You have told me, and other learned and skilled gentleman produced by the company have told us, that if you had perfect historical data relating to the cost of the attachment you would take that cost in the first instance, and then submit it to some analysis and might reduce it somewhat; but here are customers that accumulated before the palace gate while the king was sleeping, and finally crashed the gates with the aid of the Courts, and all the money spent was trying to hold the injunction that prevented the City from enforcing the obligation to extend; now do you really say that, in the face of that, those customers that were attached would bring value into this rate base upon which a return

1165

[fol. 3931] should be collected?

A. I most assuredly say that any property that belongs to the company, no matter how it was obtained, belongs to them and on which they are entitled to earn, and your assumption that even though they were forced by injunction to take these customers on, that they could do it without expense, is entirely beside the fact; you could not go through the machinery of taking 2,000 customers on without making further material extensions, no matter if they stood in line and waited for the clerks to make out their applications, look up their credits and get their references; determine the size of the meter; enter the account on the books, and do all of the other necessary clerical work; whether you did it willingly or unwillingly, the company did it and it cost them money.

Q. Do you mean now to tell us that one of the elements that you carry back into this rate base is the office cost of looking up their financial standing and getting them on your books into the office and things like that?

A. Why, of course I do, because when that has once been done and I buy it, it is done, and I do not have to again spend that money; certainly it is the value of it; if you think that a clientele established, with their credit established, in any business, either a gas company or a bond house or a barber shop or a hotel, is not of value, then you and I disagree.

Q. I never said anything of the sort.

A. No; but those are things that create the value—is the necessary expenditure on the basis of anybody else to get into the same advantageous position.

Q. Well, it would seem to me that if I had a very good client—if I might dream of such a thing—like Cities Serv-

1166

[fol. 3932] ice, and it was good enough to furnish my office with first-class equipment and pay for it, that in making out my bill I would hardly take into consideration the fact that it was mine and therefore I would figure out the cost to be attached to the Cities Service. Now these clerks are paid—the records show they are; the company sets up those costs; so you go clear beyond the point of expense of bringing the customer up to the point where he is ready to go to the office and sign up; you include the actual expense there of getting him on the books, don't you?

Mr. Turner: Just a minute; objections; there is no inclusion here—let me make my statement; there is not any inclusion here of that expense; what is included here is the operating expense for one year and not the accumulation over the years at all.

Chairman Geiger: The way we look at that, Mr. Turner, is you have offered a witness who has testified as to going concern value; he says what it is; the cross-examiner has the right to delve into every question affecting going concern value, whether he testified to it or not; he might have testified to it. The objection is overruled and the exception is noted.

Mr. Turner: Oh, you don't get the point at all.

Chairman Geiger: I thought I did.

Mr. Turner: I know you did not because I made an objection to an assumption of fact.

Chairman Geiger: Well, that is all right; that is a good way to cross-examine; I have found that a splendid way of cross-examination.

1167

[fol. 3933] Mr. Turner: Well, all right; we have our exception, have we?

Chairman Geiger: Sure, and you can correct it on your re-direct.

(Question read.)

A. To take the last part of the question first, I certainly include the cost of finding out whether he has to have a three-quarter inch service or an inch and a half or a three inch or any other engineering determination; of getting him reconciled with the type of service we are going to give him, and finding that it is adequate; of getting him connected to it; of getting his account opened on the books. And what my statement has to do with is the cost of attached business—not the cost of business that is ready to get attached, because they are widely different; these are customers attached, with the proper services in, with the proper sized meters in, and——

Chairman Geiger: I think we understand it.

The Witness: With the account opened and all those things.

Chairman Geiger: Don't make it any longer. I am not shutting you off from another question but he might be going further than you wish him to, Mr. Butler.

Mr. Turner: Note an exception to the shutting off of the witness.

By Mr. Butler:

Q. Tell me this, Mr. Hamilton; some 2,000 customers come without solicitation—they demand service, which is eventually given to them, as I have told you; there is another 2,000 customers whom you go out, search out, and at an expense, attach them, bring them to the point where they

1168

[fol. 3934] want gas; is there any difference between the two?

A. Of course there is very much difference between the individual customers and groups of customers and the figures which we have given you are based on the average customer over a period of years, which includes those which were anxious for service and those which had a prejudice against it; it is the average cost of securing the average customer. There are probably some customers in that group that make up the average——

Chairman Geiger: That is enough; you have answered it; don't speak further than the question requires.

1177

[fol. 3935] Chairman Geiger: What rule of thumb would you use if you came into Columbus to estimate the value of

1178

[fol. 3936] this property as a purchaser of the property?

The Witness: I would take the maps of this company or the inventory of the distribution system, knowing as I do, that maps are not falsified for public records, and would accept them. I would make a determination of the present condition of that property.

Chairman Geiger: How would you do that?

The Witness: By inspection at various points on their mains and by a determination of the time at which these various mains were put in.

Chairman Geiger: All right.

The Witness: I would make not only a spot check of their customers' ledgers but would take the number of customers and our new business department would assign to me two or three men who would be scouting over this town calling on customers on behalf of the gas company to get their reaction, to get the question of service that had been given, and the conditions from the standpoint of the feeling towards the company. Our lawyers would at once check into the litigation that was up, rate cases, questions of title and things of that kind, and all of that would be collected in a report which I make to our executive committee, which would look to you very much, except for the local things added to it, like a valuation presented to you for a rate base.

Chairman Geiger: In detail?

The Witness: In detail.

Chairman Geiger: Well, I am glad to know just how you would do it. Now in the question of going concern value, how do you estimate that as of value to the company?

1179

[fol. 3937] The Witness: I would estimate that on the basis, if it were a gas company, on the cost of attaching business, as I have done here; for the other elements, on the basis of making a determination of what type of organization they had, good, bad or indifferent, for the training of the personnel; on the basis of the length of time which in our minds it would take us to get this plant in shape if we were to start anew, because always the test of any property purchased is the question of whether you better buy this one established or go elsewhere and buy another and build it.

Chairman Geiger: So you consciously make an analysis of the personnel not only as to its present efficiency and desirability but you do figure how much it is going to take to restrain those people as though they were going to be reproduced?

The Witness: That is perfectly true, and let me add one more thing to it so you can fully understand; when I present to our executive committee the question of the purchase of a property I have to present along with that a budget made out on our forms of a prognostication of what the next three years' earnings and expenses will be, and to do that I have to have made an analysis of their operating condition, of the condition of their maintenance, and that sort of thing.

Chairman Geiger: You do not get my question. Do you consider what their trained personnel is worth to you as the purchaser or what it would cost to reproduce the personnel?

The Witness: The two things would be identical in our minds in a question of purchase.

Chairman Geiger: Now the same thing would be true on the question of attaching business?

1180

[fol. 3938] Chairman Geiger: That is, the value of an attached business would be in your minds a judgment of what it would cost to attach that business?

The Witness: That is true; that would be the only measure I would have.

Chairman Geiger: So that you really consider the question of going concern value from the viewpoint of a purchaser who is not concerned in how much it would take to re-establish the business but how much the established business is worth.

Mr. Turner: Objection to the question because the assumption is not justified by the answer of the witness.

Chairman Geiger: I am asking if that is correct.

Mr. Turner: Well, I want a ruling on the question.

Chairman Geiger: The question is withdrawn.

Is it or is it not a fact that in considering a value of a business which you are about to purchase, that you consider the attached business and the condition of the employees as a value established to you as a purchaser?

The Witness: We do.

Chairman Geiger: And is it a fact or not that you do not give any consideration to how much it would cost you to go out and rebuild and reestablish that same personnel and attached business?

The Witness: That is the only—it is by a determination of what it would cost us to do it somewhere else that I arrive at the value of the thing which they have.

Chairman Geiger: Now isn't it a fact that you arrive at the value of it by going and looking at the books and seeing how much the company is making?

1181

[fol. 3939] The Witness: I wouldn't give a cent for what they are making because they may be making half of a fair return or twice a fair return.

Chairman Geiger: Well, just a moment; you say you make up your mind how much you are to pay for that company by estimating the reproduction value of the trained personnel and of the attached business; is that correct?

The Witness: And the physical property.

Chairman Geiger: Well, we are talking about going concern value alone now; now on that basis do you make that?

The Witness: On the basis of what it has cost us to create those same things in new situations.

Chairman Geiger: Where have you had a new situation where you had to train personnel and attach business?

The Witness: In a good many towns in which we have established gas properties—smaller towns, and the ques-

tion of attached business in such towns as Kansas City, Wichita, Denver, St. Joe, Missouri, and towns of that kind.

Chairman Geiger: Did you go into those towns and take a town that had no business and attach the business from the ground up?

The Witness: In Denver and St. Joe that is true.

Chairman Geiger: I asked you this morning about Denver and you said that it was an old artificial gas plant?

The Witness: That is true.

Chairman Geiger: And that you could not give any estimate of the value of attaching business from Denver?

The Witness: I did not say that.

Chairman Geiger: You did not say that?

1182

[fol. 3940] The Witness: No, I said it was an old artificial gas town but we had completely attached the natural gas business.

Chairman Geiger: Have you any record of how much it cost you?

The Witness: Yes, it cost us——

Chairman Geiger: Is it available?

Mr. Turner: He is going to give it.

The Witness: It cost us about 22 cents for each thousand feet for gas sales added.

Chairman Geiger: Now Denver had not used natural gas prior to that time?

The Witness: Never.

Chairman Geiger: So would you say that that would be the thing that it would cost you in Columbus, to attach business to a community that has been using natural gas for 30 years?

The Witness: If they were now out of natural gas it would cost more in Columbus to do that, as it is now costing us more in St. Joe, where they had natural gas and the Missouri River washed out the crossing three different times and they were without it, and they had bought coal equipment, and they are now extremely reluctant to go back to natural gas for fear that they will again lose their supply, for one reason; and for another reason, because it means scrapping their investment in coal furnaces.

Chairman Geiger: So that in estimating a going concern value in the City of Columbus, you would liken it to a

catastrophe that has arisen from the washing out of a pipe three consecutive times and gotten the people in a nervous

1183

[fol. 3941] condition as to the ultimate use of the natural gas and the ultimate availability of it, to a theoretical reconstruction of this property?

Mr. Turner: Objection.

Chairman Geiger: Is that correct?

Mr. Turner: I want a ruling on the question before it is answered.

Commissioner Bricker: Objection overruled.

Mr. Turner: Note an exception.

The Witness: No, I would not put it on that basis at all; what I would have done is to put it on the basis of three different situations, Denver, St. Joe and Kansas City.

Chairman Geiger: Have you any records of those?

The Witness: Yes, sir, I have.

Chairman Geiger: Can you submit them for examination?

The Witness: Why I don't know as they are in shape for submission. I can get them in shape and testify as to the amounts.

Chairman Geiger: Well, that is enough for the present on that; I will come back to that. You have testified that in your judgment the attached business that is now prevalent in Columbus can be measured by 14 or 15 dollars per customer?

The Witness: Yes, sir.

Chairman Geiger: And you have later fixed it at $15.00?

Mr. Turner: About $15.00.

The Witness: About $15.00.

Chairman Geiger: I think you finally said it was $15.00.

Mr. Turner: I appeal to the record.

1184

[fol. 3942] Chairman Geiger: The first time he said 14 or 15 and the next time he said——

Mr. Turner: 15 cents a thousand and about $15.00.

Chairman Geiger: Well, all right, about $15.00; now taking that, that is correct, is it?

The Witness: Yes, sir.

Chairman Geiger: Applying that to 60,000 present customers in the city of Columbus, or assuming that there are 60,000, that would be $900,000.00 wouldn't it?

The Witness: Yes, sir.

Chairman Geiger: And that is for attaching business?

The Witness: Yes, sir.

Chairman Geiger: Now you have two other elements which are not included in that $900,000.00 of going concern value, to wit, training employees?

The Witness: Yes, sir.

Chairman Geiger: Have you any figure that you would attach to that, that you could make comparable to $15.00 a consumer?

The Witness: No, sir, I have not; I have made no study of that situation.

Chairman Geiger: Well, can you give us an estimate of how much training employees would be as applied to either 1,000 cubic feet of gas or as applied to a customer?

The Witness: No, sir, I could not.

Chairman Geiger: Would it be more or less than attaching business?

The Witness: Why, I should say it would be less but I could not give it.

1185

[fol. 3943] Chairman Geiger: Would it be half as much?

The Witness: I would not attempt to make a guess at that; it would be nothing but a guess; I know nothing of even how many employees they have.

Chairman Geiger: Well, but you have guessed on these things before?

The Witness: No, sir, I do not.

Chairman Geiger: Well, you have; when you come to St. Joe and Denver that you speak of and when you buy property you guess at it, don't you?

The Witness: No, sir, I make a very careful survey; before we put gas into Denver I spent eight weeks——

Chairman Geiger: Now your other element is getting the kinks out of the business?

The Witness: Yes, sir.

Chairman Geiger: How much would that take?

The Witness: I could not tell you without making an examination of their distribution system and making some detailed study of it.

Chairman Geiger: Well, however, that would be your No. 1; training employees and, three, getting the kinks

out of the business, would be in addition to $15.00 per customer, wouldn't they?

The Witness: Yes, sir.

Chairman Geiger: Would it be enough, those two, to amount to $100,000.00?

The Witness: I don't know; I can't answer that question; I have repeatedly said I would want to make a study of that.

1186

[fol. 3944] Chairman Geiger: Well, anyway you are committed to the idea that it is worth $15.00 per customer?

The Witness: I am not committed to the idea; I have checked—we have done it; we have spent the money and checked up what it costs, and that is what it costs us, and I do not assume anybody else can do it any better.

Chairman Geiger: All right. Now assuming the value is in the neighborhood of $5,000,000.00; then 18 percent of that $5,000,000.00 towit, $900,000.00, is cost of establishing business?

The Witness: Yes, sir.

Chairman Geiger: And would the other be enough, the other two items, training employees and getting the kinks out of it, enough to make up two per cent so as to have an even 20 per cent?

The Witness: I could not tell you.

Chairman Geiger: Well, any ways, you have in the $900,000.00, you have 18 per cent?

The Witness: Yes, sir.

Chairman Geiger: Now, do you know anywhere that any Court or any Commission has ever allowed such a sum as 18 per cent for attaching business?

The Witness: I do not know that they ever have but——

Chairman Geiger: Have you ever testified to it in any other case?

The Witness: Many other cases.

Chairman Geiger: Did you follow your testimony through to see what the Courts said about it?

The Witness: Yes, sir.

1187

[fol. 3945] Chairman Geiger: Did they ever sustain you in that?

The Witness: No, because until the last two years we have never had examples where we could definitely pin

down what the cost for such a charge was, and it was ignored on the basis it was a theory.

Chairman Geiger: You say it is $15.00 per customer?

The Witness: Yes, sir.

Chairman Geiger: How do you break that down; what makes it up? For 60,000 customers every dollar you vary from $15.00 makes $60,000.00?

The Witness: Yes, sir.

Chairman Geiger: So you must be as accurate as you can and don't guess at it.

The Witness: I do not guess at it.

Chairman Geiger: Tell me how you make up your $15.00.

The Witness: I do not make it up at all; I take the total expenditures we have made and divide it by the amount of thousand feet we have and arrive at the amount per thousand feet it has cost.

Chairman Geiger: Have you any books to show it?

The Witness: Why, yes, our ordinary operating reports show it.

Chairman Geiger: Can you produce them?

The Witness: Why, I could, yes, sir.

Chairman Geiger: Will you produce them?

The Witness: I do not know any reason why we should put our record in this case. I would have to get copies of them. I could not produce the original books.

Chairman Geiger: All right. Now, as I understand, you

1188

[fol. 3946] estimate the $15.00 per thousand—the $15.00 per subscriber or 15 cents per thousand, from past experience.

The Witness: Within the last four years, yes, sir.

Chairman Geiger: Now have any of those past experiences begun at a point where the people have not used gas or was it in a community where they were familiar with its use?

The Witness: Where they have not used any gas?

Chairman Geiger: Natural gas?

The Witness: Well, Denver, they had not used natural gas—never; in St. Joe—let me finish——

Chairman Geiger: Well, we have the St. Joe picture.

Mr. Turner: Why don't you let him finish?

Chairman Geiger: Because I am running it.

Mr. Turner: I know you are running the cross-examination but I am running the company's case.

Chairman Geiger: You can take him on afterwards, we want to go one at a time.

Mr. Turner: But I want to make my objections.

Chairman Geiger: We will take up the other——

Mr. Turner: I am not going to consent to it.

Chairman Geiger: What are you going to do about it?

Mr. Turner: I am going to make my objection and——

Chairman Geiger: All right; objection overruled.

Mr. Turner: And have the Court pass upon them.

Chairman Geiger: Objection overruled.

Mr. Turner: Note an exception.

Chairman Geiger: Now you take Denver; Denver never used natural gas before until you brought it there; is that correct?

1189

[fol. 3947] The Witness: That is true.

Chairman Geiger: And you found that it cost you $15.00 per customer to establish the use of natural gas in Denver, is that correct?

The Witness: No, sir, it is not, because we have not yet, after two years, succeeded in establishing the use of natural gas on a reasonable basis in Denver.

Chairman Geiger: I see. Do you know how much it has cost you up to date per customer attached?

The Witness: It has cost us up to date about $8.50 per customer.

Chairman Geiger: That is not attached?

The Witness: Yes, sir, and we have gotten the sales up to about 40,000 feet.

Chairman Geiger: But you estimate, from your past experience that when you get a load attached which is a profitable load it will have cost you in Denver $15.00—may cost you a little more?

The Witness: I estimate in Denver that the additional feet—we should sell 70,000 feet; we do in other towns where they have had it; when we get it up to about 70,000 feet it will have cost about $15.00.

Chairman Geiger: Now, would you tell us why you say that it would cost as much in the City of Columbus, where the citizens have been familiar with the use of natural gas for 40 years, to attach new business, as it would in the City of Denver where they have never used natural gas before in their lives?

The Witness: For this reason; we took over Kansas City
1190
[fol. 3948] where the sales had been allowed to drop to a basis of 42,000 feet per customer, and we went to work and built them up to where the company was profitable and have gotten the sales up to 70,000 feet; it has cost us in that situation about $650,000.00 to do that and the price in terms of thousands of feet differs from that cost at Denver by about two cents per thousand feet.

Chairman Geiger: Now what was the condition in Kansas City; they had had gas there and I assume the gas played out and they had not gotten it; they had been in some trouble about it and had lost confidence in it; is that so or not?

The Witness: No; it came about partially from that and partially from the fact that the distribution system was owned by a company that was almost altogether an artificial gas property; all of their other subsidiaries were; and they did not train natural gas men there and they allowed their sales to drop down and drop off; they were not alive and on their feet, to be frank.

Chairman Geiger: Were they as alive and on their feet as they are in Columbus?

The Witness: I think not, no, because Columbus people know natural gas. The trouble with the Kansas City situation was that it was one natural gas property in a big group of artificial gas properties.

Chairman Geiger: And as far as the artificial gas users in Kansas City are concerned they stood in the same position that the Denver artificial gas——

The Witness: There was no artificial gas in Kansas City.
1191
[fol. 3949] Chairman Geiger: I thought you said they were——

The Witness: No; I said Kansas City was a natural gas town in a big holding company, the other properties of which were all artificial gas properties.

Chairman Geiger: But there was not any artificial gas in Kansas City?

The Witness: No, sir, none whatever, and has not been.

Chairman Geiger: Now assuming you found out it took you $15—per customer to attach new customers in Kansas City would you say that that was a just measurement of

an estimate of how much it would cost in Columbus, Ohio?

The Witness: Yes, sir, I see no distinction between the two towns in that respect.

Chairman Geiger: I see; you make no distinction between the fact that there is in Columbus a reasonably satisfied community of gas consumers as against a group in Kansas City who were not served by people who were skilled in the service of natural gas?

The Witness: They were getting the same type of gas; they had not had the same type of salesmanship.

Chairman Geiger: Have you any figures on Kansas City?

The Witness: Yes, sir; those figures down there run, as I say, about two cents per thousand for added sales less than the figures in Denver.

Chairman Geiger: And reflecting two cents per thousand into a customer burning 100,000, it would make $2.00 difference in the amount per customer?

The Witness: That would, but that would not be quite a fair reflection for the simple reason that the two cents

1192

[fol. 3950] difference was between two rates that run about 80 cents a thousand, whereas your gas is being sold here at 48 cents; you could not translate it properly.

Chairman Geiger: I believe you said, in your estimate of the $15.00 per thousand feet, in cities having a 48 cent rate that your estimate would be $15.00 per thousand?

The Witness: Yes, sir.

Chairman Geiger: What we have had difficulty in doing—and if you can enlighten us either way, from experience or something other than a mere guess—how are we to estimate the cost of attaching the gas in a community where there are already 60,000 people familiar with the use of natural gas, and have been for some time past natural gas users how are we to compare that with the cost that it took to build them up to this condition of education in the past, taking them as people who do not know anything about it? How are we to compare them with what it cost you in particular cases of which you speak, such as Denver and Kansas City? What is the rule we should be governed by? Just because you say it cost 15 cents a thousand?

The Witness: No. I think that it would be possible—it takes—like all other figures of this type, it can not be developed in a day or week or in a month—that there could

be set up on the books of the operating companies in this state accounts that would disclose that to you for such customers as they are now taking.

Chairman Geiger: Have you any such figures?

The Witness: No, sir, we do not operate a natural gas property in this state now.

1193

[fol. 3951] Chairman Geiger: Let me ask you this question then; assuming that there are 60,000 people burning gas in Columbus, or 60,000 customers, and you have said that the cost of attaching those was $15.00 per customer, would you say that any bracket of thousands would be easier to attach than any subsequent bracket of thousands?

The Witness: Not if you take in that large a group; I do not believe that there would be any very great difference; I do say this, that when you come into a town entirely new the easiest ones come first and your average cost is made up of the easy ones, the semi-hard and the fellow who has a prejudice.

Chairman Geiger: Well, would you say that the easy ones out of 60,000 would be 40,000?

The Witness: No, not nearly so large a proportion. You will get first as furnace consumers those people who are sufficiently well off so that the discarding of their old furnace and putting in of a new one of $600.00 or $700.00 or $1,200.00 is not an item to make them delay that.

Chairman Geiger: Now, right there, that is an interesting point. You are assuming in the destruction theoretically of this gas plant and its reconstruction that all those citizens who now use furnaces would simultaneously, by some stroke of magician, have their gas furnaces wiped out; or would you assume that they were waiting to attach gas to a gas furnace that they already owned and which they probably were not using during this theoretical discontinuance of gas; which way do you assume it?

The Witness: Oh, I assume of course they have not a

1194

[fol. 3952] gas furnace in advance of being able to buy gas.

Chairman Geiger: But they are not—they have been buying gas for 40 years; you assume then three things here; first, that if this company were to be theoretically reconstructed you would have no efficient operators; that they have to be trained; that is correct, isn't it?

The Witness: You would have no group of operating people familiar with the property and with one another to step into it on the first day.

Chairman Geiger: That there is not a satisfactory operating group and that that would have to be established?

The Witness: That is true.

Chairman Geiger: No. 2; you assume that there is not an educated public; that they would have to be educated?

The Witness: There is not a public using natural gas; yes, sir, that I assume.

Chairman Geiger: And third, you would assume that everybody who has facilities for burning natural gas now,—would have had them, by this same imaginary stroke, deprived of gas equipment that they already have and therefore you would have to have them go out and buy new gas equipment?

The Witness: They most certainly would if they had not had gas service before they would not have equipment to use it.

Chairman Geiger: Now, just a remark or two more and then I will be done; have you got Exhibit No. 63 before you, page 39? Mr. Wheeler has estimated on that page, or set out on that page, "Interest or return unearned during business development period"; that was an item you did not

1195

[fol. 3953] give in your going concern value?

The Witness: It was touched upon in the cross-examination; I did not refer to it, no sir.

Chairman Geiger: Well, do you consider it an element of going concern value?

The Witness: It is a part of the cost of——

Chairman Geiger: But you did not put it in?

The Witness: No, sir, I did not.

Chairman Geiger: So that to your three that you have already put in you want to put it in?

The Witness: I would want to put that in if the study of the situation indicated that the plant had to go through periods during which it could not possibly earn a fair return.

Chairman Geiger: Now he has estimated it at four per cent; would you be willing to accept that per cent?

The Witness: No, sir, I would not try to fix a percentage until I had made a study of the situation and see in what

divisions of the property I could construct it and put it into operation; sometimes you can do it by sections.

Chairman Geiger: All right; then he has "attached and trained personnel, one per cent", are you willing to assume that that is right?

The Witness: No, I would not want to pass on that.

Chairman Geiger: He has in his set-up "attached business 6.3 per cent" now have you it, the way you attach the business, 18 per cent?

The Witness: Yes, sir.

Chairman Geiger: There is a spread of 300 per cent between his 6.3 per cent and your 18 per cent; is that correct?

1196

[fol. 3954] The Witness: Well, accurately it would be a spread of 200 per cent.

Chairman Geiger: Well, it is three times as much?

The Witness: It is three times as much.

Q. Now will you tell us what light this Commission is to get between two eminent engineers, one of whom comes in and says that attaching business is 6.3 per cent and another one comes in and says it is 18 per cent, each per cent meaning $60,000.00? There is a difference between yours and his of $1,200,000.00—no, no, I beg your pardon——

The Witness: $500,000.00. My only suggestion is that you have some of your engineers go into the towns where we have everything to do this work now and check what it has cost. I know of no other way to arrive at a conclusion.

Chairman Geiger: Well, your guess is 18 per cent and his guess is 6.3 per cent and——

Mr. Turner: Objection—Objection.

The Witness: I make no guess.

Chairman Geiger: There could be no guess?

The Witness: I said I make no guess.

Chairman Geiger: Well, your estimate then?

The Witness: No, no estimates; the actual cost of what it costs us to do it.

Chairman Geiger: In Kansas City and St. Joe?

The Witness: And Denver, yes, sir.

Chairman Geiger: Neither of which place is—well, I won't say that; is either Kansas City, St. Joe or Denver comparable to Columbus?

The Witness: Yes, sir.

[fol. 3955] B. L. WHEELER further testified on cross-examination:

By Mr. Butler:

Q. What do you mean by the adjustment of physical property?

A. I mean the seasoning or adjustment over a period of time of the physical facilities of the company; the fact that as time goes on they reach a state of efficiency and of adjustment that gives them a greater value than when they were first installed, due partly to the fact that no matter how perfect the plan may have been in arranging that property it will always be subject to certain corrections due to facts that are detailed in the report as time goes on.

Q. You say "Over a period of time;" over how much time?

A. That is somewhat elastic; I should say over a period of years that might be five years or ten years; as that period increases the value due to that adjustment would possibly not materially increase; but that there might be continual changes and adjustments of some portions of that property that would give it an added value.

Q. Well, it might be fifteen years?

A. It might be.

Q. Even twenty years?

A. Yes, sir.

Q. Twenty-five years?

A. Possibly.

Q. Thirty years?

A. As that period increases that additional value, if any, would probably grow less and less.

Q. Well, would it?

A. Think so.

Q. You have included in there the relocation of mains due to the improvement of streets?

A. Yes, sir.

1220

[fol. 3956] Q. If that occurred 25 years afterwards, that particular thing would cost just as much as if it occurred during the first year, wouldn't it?

A. Whenever that adjustment took place, that is true.

Q. So in your conception you have no time limit?

A. No, sir, no fixed hard and fast time limit.

Q. Will you tell the Commission just how you fixed that at $30,000.00 instead of, say, $300,000.00 or thirty cents? Just tell the Commission.

A. That is based purely on the estimate on the amount of property involved; the knowledge of about how long a great deal of it had been constructed; and based on experience of our organization in other cases; and the knowledge of what additional value would inhere in a property of that nature; and on the fact that in a city such as Columbus a great many changes in street grading, culverts, in changes of line, have taken place within recent years. It is not an attempt to arrive at a mathematical answer by any formula or factor; it is largely a matter of judgment that in a property of five or six million dollars in a community of that sort there would be an additional element of value, due to that condition, amounting to that much, a conservative estimate; it may be more and may possibly be less. In the opinion of our organization and the discussions that we had on that with different members, it was considered as a reasonably conservative answer. It represents about one-half of one percent of the cost of physical property. I was going to merely add that we do not see that it can be mathematically determined to any exact amount. It is largely a matter of judgment and estimate.

1221

[fol. 3957] Q. Would you be offended if I submitted to you that it might be a guess rather than a judgment?

A. I think that a matter of estimate is always more or less of an educated guess.

Q. And if a man has been badly educated the guess is apt to be——

A. Absolutely, it may be very wrong.

Chairman Geiger: Well, just who did the educated guessing? Did you do it or did you get the result of educated guesses of those in your organization?

The Witness: Well, in attempting to arrive at the answer for that element I secured from the company a compilation of expenditures that had had to be made within a period of recent years for purposes such as indicated under those headings, for street grading, where they had large lines, for adjustment due to culverts and sewer construc-

tions—for major elements of that nature, and we studied those and ascertained about what those expenditures had been running in recent years.

Chairman Geiger: Where? In the City of Columbus?

The Witness: In the City of Columbus; expenditures of that nature which in my opinion served to season or adjust the physical property, and the final determination of what that estimate should be was made in our office by different members of the organization under the direct supervision of the director who had the final say.

By Mr. Butler:

Q. Where are those compilations; where are those expenses that you speak of? I would like to see them.

A. I have in my working papers some of those expenses.

Q. Bring them in this afternoon.

A. They are right here.

1222

[fol. 3958] Q. Well, give us an idea now of what you mean by that; give us the years and the nature of the expenses that you are talking about; see if you have any in 1929?

A. I have in my working papers a two page statement secured from the company on which are tabulated expenditures of this nature for jobs costing individually $500.00 or more during the past three years.

Q. May I see that?

A. Yes sir (handing same to Mr. Butler).

Q. Did they identify these items by the number of the account?

A. They are identified by job number.

Q. Yes, by their job number, but in accordance with the system of accounting prescribed by the Commission, you did not get that?

A. No, sir, that is not on that compilation.

Q. Well, now, this paper which is designated "Individual replacements of distribution systems in connection with street improvements, etc., years 1928, 1929 and 1930, only jobs costing $500.00 or more," is that the information that you used?

A. That is some of the information used.

Q. Did you have like information for all the years?

A. That statistical data we only got for those three years.

Q. Well, what did you get for the other years?

A. That was merely used as a yardstick for that type of expenditures in attempting to make the estimate; we did not ask for that data for any earlier period of time.

Q. Well, what do you mean—what in the world do you mean when you say you used that compilation as a yardstick; just what do you mean?

A. We used that as a unit of measurement in our determination of whether the company had spent very little in

1223

[fol. 3959] this type of adjustments, whether they had had more or less major expenditures of that nature in the past two or three years, whether the property required much in the way of individual jobs of changing grades or doing the different improvements that served to adjust and season the property; if we had, from that data, found that they only had one or two jobs in a year, or had had 100 or 200 jobs of that nature in the year, it would have served to lessen or increase the estimate.

Q. You obviously do not agree with the suggestion that the bugs ought to be out in a year; as I understand you, your conception has run from the very beginning of the work until the present day?

A. That is correct; an example of that I might give in explanation; one of the streets I personally looked at where that condition was pointed out to me involved a pipe line that had been down I believe over 20 years; it had to be changed and lowered recently due to the paving and changing of grade. In our opinion that serves to give an added value to that part of the company's plant.

1224

[fol. 3960] Q. Mr. Wheeler did you examine for the purpose of ascertaining whether these expenses set out in this City Exhibit No. 20 had been paid out of the maintenance charges for those years or out of the expenses for those years?

A. No, sir, because in my opinion it was wholly immaterial.

Q. Why?

A. Because we are attempting to determine a value at a date certain; the value inheres to the property whether

or not the charges have been expensed or charged to operating expenses or capitalized. On the reproduction theory that would be without weight.

Q. Well, where do you lay your dividing line between maintenance charges and those—purely maintenance charges and those that go either into capital account or you take account of in this intangible way?

A. On the reproduction cost theory and attempting to establish a value at a date certain I do not lay any such dividing line; as to how the company may have charged expenses in prior years would be of no weight as to what value existed at that date certain; the same value would be there whether it had been expensed or capitalized. If we were trying to get the historical cost then we would have to analyze the books in detail.

Q. Well, is there any connection between the actual amounts that you found charged and spent and the allow-

1225

[fol. 3961] ances made by you?

A. Mathematically, no, sir; merely an attempt to arrive at an estimate.

Q. You spoke of your yardstick; somehow I had an impression that a yardstick was rather severely mathematical, but possibly not; I guess you use it in a figurative sense, don't you?

A. Not in a mathematical sense there, no, sir; that was used merely as a basis for the estimate; not to determine how much those amounts added up to.

Q. Well, those expenses recur more or less every year—those kind of expenses?

A. Not for the same properties.

Q. Oh, no, but those kind of expenses?

A. For the property as a whole, yes, sir.

Q. Well, now, in making up your rate base and making up your operating charges, do they go into the operating charges or not?

A. Do you mean should they or do they?

Q. Should they?

A. I think some of them should; whether they all should or not I do not know.

Q. Well, which one of those now in this Exhibit No. 20 should go in operating charges in considering a rate base and which should be eliminated?

A. Items that are labeled street repair or betterment of service I think evidently should be charged to operating expenses in the historical accounts; items which are labeled street improvements might conceivably be capitalized; it would depend on the nature of each one.

Q. Well, they might, but should they?

A. Without knowing exactly what each one represented I do not know. I do not think there would be any gross error

1226

[fol. 3962] if they were all charged to operating expenses.

Q. I thought not, and although there would be no gross error if they were all charged to operating expenses and so considered in the production of a rate base and the determination of a rate, yet you would draw from them a something that you would put into the reproduction value of the property?

A. In the reproduction value absolutely.

Chairman Geiger: Now you have put it, on page 39, under "Adjustment of physical property," is that correct?

The Witness: I did not hear that entire question?

Chairman Geiger: In your Exhibit No. 63 you have the item to which you have just been testifying segregated and set out under the item "Adjustment of physical property?"

The Witness: On page 39, yes, sir.

Chairman Geiger: Well, now, I understood your last answer to be that it would have been no particular error if it had been charged to maintenance, is that correct?

The Witness: In so far as its effect on the estimate is concerned, yes, sir; it is wholly immaterial in our opinion of the value at the date certain, as to how it might have been charged in the past.

Chairman Geiger: You still maintain that is part of the going concern value.

The Witness: Without any relation to how it might have been charged, yes, sir; that item of $30,000.00 is not an item of actual charge in a historical sense; it is an estimate of value at a basic date.

Chairman Geiger: But it is all put in under your general heading "Estimated going concern value?"

1227

[fol. 3963] The Witness: Yes, sir, one of the elements of going concern value, that is correct.

Chairman Geiger: And you do not agree with Mr. Hamilton that that adjustment of physical property to which he testified should be confined to the readjustment of a plant and its seasoning which would be complete within a period of one year?

The Witness: I do not think so, no, sir.

Chairman Geiger: Well, is there any item to which Mr. Hamilton testified as to getting the bugs out of the property; is this part of the bugs in here?

The Witness: I think so, yes, sir; I think that would come under his classification but I do not think that that should be limited to one year or to any definite limitation of time; in other words, we think that a property that had been going through this process for twenty years might be more valuable than one that had only been going through it for five years.

Chairman Geiger: Well, in other words, the cost of attaching business should be not only that which is incidental to attaching the business to the bare bones of the physical plant, but should also cover the changes in the physical plant itself that may extend over a period of thirty years?

The Witness: Not the cost of attaching business, no, sir; the going concern value.

Chairman Geiger: I guess you are right; it is not the cost of attaching the business but is the cost of going concern value?

1228

[fol. 3964] The Witness: Yes, sir.

Chairman Geiger: You are correct on that. Well, with that correction of my question, would you think that that should be continued over a period of thirty years from the time the plant started?

The Witness: I think that after a period of fifteen or twenty years the increment of increase would be very slight but it might be that much more valuable in thirty years than it was in twenty-five years. I do not see how you can draw any hard and fast line of demarcation as to time and say that after a certain period of years there will be no further value due to adjustment of property.

Chairman Geiger: Well, at any rate you have not, within your item as you have given it there, the item of the readjustment of the physical plant due to its accommodating itself to the surface of the soil and other matters about which Mr. Hamilton talked?

The Witness: We have not limited that to one year, no, sir.

Chairman Geiger: All right.

By Mr. Butler:

Q. Well, when you make an inventory and appraisement as one was made in this case, you inventory and you appraise the property as it is at the end of the thirty years, don't you?

A. Physically, yes sir.

Q. In respect to interest or return unearned during the period of initial operations you have referred to Grove City as an illustration of proof of your theory; I imagine you have closely examined Grove City?

A. I have been through Grove City and seen the community and the line along which the property is laid, yes, 1229

[fol. 3965] sir.

Q. By the way, what is the amount of that investment in that Grove City plant? Is that given in your Exhibit No. 63?

A. That is given in Statement No. 2 at page 43 of the exhibit.

Q. That is what I was wanting.

A. That statement shows the plant investment year by year from 1927 to 1930.

Q. Does that include any part of the pipe line running into Grove City?

A. Yes, sir.

Q. How many miles of that?

A. About five and a half miles, to the best of my recollection.

Q. Well, what part of your first year's investment, which you fix at $62,179.00, is represented by the pipe line?

A. I could not tell you that without an analysis of the figures. I do not know how much of that total fixed capital is the main pipe line or how much of it is auxiliary capital.

Q. Well, isn't it rather important to know that?

A. I do not think so, particularly here; we were trying to get the total cost of the Grove City expenditures that were capitalized in order to derive a factor; whether it was the major pipe line from the City of Columbus to Grove City or

a part of the other capital investment would not have affected the derivation of those figures.

Q. No, but imagine that you have a Grove City that was being furnished with gas from an immediate pipe line for which there was no investment, and a Grove City that was being furnished with gas where at least quite a bit of its investment was due to a five and a half mile pipe line; do

1230

[fol. 3966] you mean to say those two towns are comparable for your purposes?

A. Oh, I think a large part of that first expenditure is due to the pipe line but what I mean is I do not know the exact amount.

Q. Wasn't practically all of it in the first year due to the pipe line?

A. I do not know.

Q. Well, how in the world then, Mr. Wheeler, can you use it as a basis of an analysis here, if you do not know that?

A. I do not see that that enters into the analysis.

Q. All right; if you do not see I will accept it; I imagine you can refer to your notes though and tell me what part of it was pipe line that first year?

A. I am not certain whether I have that separation of capital.

Q. Try and get it for me since we have gone into it?

A. I can undoubtedly secure that by this afternoon.

Q. All right. What is the size—what was the size of Grove City?

A. The population do you mean?

Q. Yes.

A. I had that figure but I have forgotten; I believe it was about 2000.

Q. Do you know how many houses there were there?

A. I did know; I think I have that data; I haven't got that in my head. I believe I had the number of houses and the number that were attached to the system.

Q. Any businesses there of any consequence?

A. Not many, no, sir.

Q. Is it a new town or an old town?

A. It is not a brand new development, no sir; I think it has been there for some years.

Q. Had it had artificial gas before?

1231

[fol. 3967] A. I do not think so.

Q. Get those little figures and I will not disturb you about them now; bring them in this afternoon.

A. Yes, sir; all right.

Q. I think you have already said that the Northwestern Utilities Limited is in Canada, Edmonton, Alberta?

A. Yes, sir.

Q. It is pretty hard for us to safely get over the line and return, so I will have to ask you in detail a little about it. How large is Edmonton?

A. I have no personal knowledge about that construction or that line.

Q. Well, who put it in here? Who put this in here about Edmonton, Alberta, if you have no knowledge about it?

A. What page is that on, please?

Q. Page 16.

A. That particular reference to the return or unearned interest on the Edmonton property was inserted as a reference in this report from records in our office; there is a statement on page 46, Statement No. 5, giving that detail.

Q. In what years were those installations made?

A. Approximately 1925.

Q. Well, when you speak of first year on page 46——

A. That would be approximately 1925, yes, sir.

Q. But you say you have no personal knowledge——

A. Of that line and its physical aspects, no sir; I have not been there.

Q. That had a large line leading into the town, didn't it, from the gas fields?

A. Yes, sir. I do not know exactly that mileage but there

1232

[fol. 3968] was a transmission line to the city.

Q. Well, was it very considerable?

A. I cannot answer that; I can secure the analysis of that investment, as to how much of it was transmission line, if you wish it.

Q. Do you know when they began the construction of that?

A. I think in 1924.

Q. Well, apparently they had in $4,170,000.00 by the first of 1925?

A. I am not certain about the year; it was begun in about 1924; that first year shown on the statement may be 1926.

Mr. Turner: Showing gross income there, Mr. Butler, and not the construction.

Mr. Butler: It shows the investment.

Mr. Turner: Oh, yes, but my point is, manifestly it must have been begun before this first year because you are giving the gross income in that year; they had to have it completed before that time.

Mr. Butler: Well, I submit, Mr. Turner, that you and I are honestly engaged in a guessing contest; this witness does not know any of the facts about it.

Mr. Turner: You are a good jury lawyer still.

By Mr. Butler:

Q. You just don't know this data yourself, do you Mr. Wheeler?

A. I do not know the details of that statistical information; I have testified that I have no personal knowledge of the Edmonton line; that is inserted from our records. I know that the figures are correct from our figures.

Q. How do you know they are correct if you do not know anything about the facts?

A. Because they were taken from our records.

1233

[fol. 3969] Q. Who made your records?

A. The engineers that constructed that line and kept the records.

Q. You cannot even tell us what part of the investment was pipe line—transmission line, can you?

A. I can, but I have not the figures here.

Q. Why didn't you bring them if you wanted to——

A. I did not know that the Edmonton line would be gone into in analytical detail.

Q. Heavens, you put it in here, man, and testified to it.

A. As an example it is cited; the total investment is put in.

Q. All right; if you can ever get them bring them in and I will ask you about them, and if you cannot we will just have to leave it where it is.

A. We will have no trouble getting it.

Q. All right, Mr. Wheeler, in your Exhibit No. 63 you have given quite a bit of information that you call historical, beginning on page 6, you have given the capitalization?

A. Yes, sir.

Q. The funded debt and the stock; does that have any connection with what you are trying to show in this exhibit?

A. Only as trying to show the groundwork of the company and where it operated and what its size is; it has no direct bearing on the mathematics of trying to work out the answer; it shows whether it was a large company or a small one, and what its back history was; we would not start a report of that nature and not say anything about the company, where it was or what its prior history was and how it was organized. It is merely trying to give a

1234

[fol. 3970] background for an analysis.

Q. Well, I know, but I object to that, putting things in if they mean nothing to you. Now this matter of funded debt does not assist you in any way in your conclusions?

A. Not in the compilation, no, sir.

Q. Nor the stock?

A. No, sir.

Q. Did you give any importance to the fact that there have been an artificial gas company here?

A. We knew that that was a fact and gave consideration to it.

Q. Well, what kind of consideration? In what way, if at all, did it affect your conclusions?

A. I do not think that it affected the mathematical conclusions any.

Q. Well, then it would not affect your conclusions on your figures if all that historical data were left out?

A. That might be so, but it would be somewhat more difficult to start in trying to analyze the facts without knowing anything about the background.

Q. Is it harder to attach business for natural gas if there had been a prior artificial gas company?

A. No, sir; I should say it would probably be easier.

Q. Do you happen to know how long there had been an artificial gas company in Columbus?

A. For upwards of 25 or 30 years I believe.

Q. At the time that the natural gas company started?

A. Oh, I thought you meant up to date.

Q. Well, you can put it either way; I just wanted to understand you.

A. Well, I meant upwards of 25 or 30 years up to date.

Chairman Geiger: What do you mean by that? An artificial gas plant that furnished gas for heating purposes

1235

[fol. 3971] or just an artificial gas plant?

The Witness: There was no distinction made in the question.

Chairman Geiger: Well, didn't artificial gas come in almost 70 years—into general use?

The Witness: I was referring to the historic connection here which Mr. Butler mentioned, as to how long there has been a gas company here predecessor, I thought you meant, of this concern.

By Mr. Butler:

Q. Yes,

A. And I said upwards of 25 or 30 years; I don't know how much longer.

Q. Just to understand each other, in what year approximately do you understand the artificial gas plant was established?

A. The first artificial gas plant in Columbus?

Q. Yes.

A. My recollection is that it was in the 1870's.

Q. And do you know how much territory it covered at the time that the natural gas was brought into the city?

A. No, sir.

Q. Wasn't that of any importance to you?

A. Relatively not.

Q. You have included on pages 8 and 9 something regarding "Controversy regarding rates;" is that another one of the backgrounds that you wanted for your conclusions?

A. Not for the conclusions; merely to state facts there as to why the report was being made.

Q. Well, you have heard the testimony about cost of attaching the business; with which of the gentlemen do you

1236

[fol. 3972] agree, Mr. Hamilton or Dr. Dewing, or have you different figures?

A. My recollection is that their testimony on the cost of attaching business was in relatively close agreement as to principle; I believe they differed in amounts; they both used the factor of cost per consumer and arrived at an answer by the use of that factor. We did not, in our analysis,

use that factor at all. We used the factor of added M C. F. of consumption. Just how closely our answer agrees with their separate answers I do not recollect.

Q. Do you mean to say that you do not——

A. I was trying to think back; my impression is that Dr. Dewing testified to a total value of attached business only in the amount of about $400,000.00. This is recollection only. I believe Mr. Hamilton testified to a very much higher figure. The figure in our report is $400,000.00; I believe Dr. Dewing was higher than that, but I think that is a matter for the record.

Q. Well, Mr. Wheeler, you regard Mr. Hamilton as quite an expert?

A. I believe he is so considered, yes, sir.

Q. And with all frankness I am asking you to testify about yourself; you think you are competent to testify about the same matter?

A. I am attempting to do so.

Q. Now how is it that two good experts on a matter as vital as that can differ so widely? How do you account for that sort of thing?

A. I do not know how that difference is to be explained; he has testified in his judgment; I am testifying as to figures that we have attempted to build up and arrive at an answer; if the answers are not in agreement I am not attempting to explain or contradict his testimony.

1237

[fol. 3973] Q. Well, do you again say that after all that is a matter of an educated guess?

A. I think it is largely a matter of experience in Mr. Hamilton's case, and judgment.

Q. Well, what is it, in yours?

A. I am attempting to make it on the basis of judgment and experience in the same way. He was testifying as I recollect as one who had purchased and sold utilities on a large scale and he gave his estimate on the basis of his experience along that line. This particular item, to the best of my recollection, he thought was considerably higher than the value that we have attached as cost or value of attached business. I think his figure was very much higher than Dr. Dewing's for that particular element.

Q. Well, if I understand your method, you would increase that allowance even though there were no additional total

consumers added, if, notwithstanding that, there was an increase in the amount of gas used?

A. That's correct.

Q. In other words, if you put on a campaign and increased the amount of gas used per consumer, even though the number of consumers were not increased, you would pass something to this value?

A. Yes, sir, because it is the added load on the system that increases the value of the attached business.

Q. Well, Mr. Wheeler, about five years ago the theory was that the consumer should be educated to use less gas in order to conserve it; now, if I understand you, he should be educated to use more gas?

A. That is correct; that is what the gas companies are attempting to do.

Q. Well, what has brought about that change of position?

A. Largely the fact that the reserves of gas are now

1238

[fol. 3974] much larger than was believed to be the case years ago.

Q. I see. Well, you have spoken at some length in your report about the increase of business here in this city in the last few years?

A. Yes, sir.

Q. And I think you have compiled the figures somewhere?

A. Pages 33 to 35 of the exhibit give that date.

Q. Who gave you these amounts and these figures?

A. They were secured from the records of the Columbus Gas & Fuel Company.

Q. Did anyone happen to tell you, Mr. Wheeler,—you heard it the other day; we talked about it; but did anyone happen to tell you when you were making up this report that the company for a number of years had resisted the demands to make them increase their business by attaching new customers and by making extensions for new customers?

A. Yes, sir, I believe that is mentioned in the report itself; in the discussion of the efforts over a period of years to secure additional business and in my prior testimony that was touched on.

Q. Where is that in your report? I think I overlooked that.

A. At the bottom of page 29 and at the top of page 31 there is a reference to that fact. At the bottom of page 31 there is a further reference.

Q. Oh, now, those things are different things.

A. Well, at the top of page 32, this statement is made:

"In the latter part of 1924 similar steps were taken to discontinue the supply of gas to the manufacturers of food products, bakeries, etc."

Q. Well, that is not my question.

A. Well, then I misunderstood it.

1239

[fol. 3975] Q. Where do you refer in your report to the fact that—if at all—that the company had withstood efforts to have it add customers and get secured for example, an injunction against the City's enforcement of its obligation?

A. I do not think any reference is made to any injunction.

Q. Were you told about that?

A. I believe I was, yes, sir.

Q. Didn't that have any effect?

A. Only as bearing on the necessity of discontinuing gas and withdrawing its efforts; that is mentioned on the pages I just referred to.

Q. Well, don't you know—weren't you told that there were between 2,000 and 5,000 people ready to take gas and did take it, the moment they could give it to them.

A. I do not recollect those exact figures; I remember that that condition was referred to in the information that was furnished.

Q. And you still think that your discussions on pages 33 and 34 and other pages are correct under those facts?

A. It seems to me they cover the discussion that you have in mind.

Q. Well, how in the name of goodness can you ascribe all of those increases to your business campaign and give the credit therefor to the company when people had been knocking at the doors and when the company finally had to submit to a mandatory injunction in 1927 to take these people on.

A. The answer to that seems to me to be the fact that the only expenses that we are giving mathematical weight to are the new business promotion expenditures for a part

of 1927, 1928 and 1929; we have no expenditures of that
1240
[fol. 3976] sort prior to that and I understand this condition to which you refer was all prior to that date.

Q. Why no, the injunction—the mandatory injunction was not granted against the company compelling them to go forward until July or August of 1927. (No reply.)

Commissioner Bricker: It is now time to adjourn.

And thereupon a recess was taken until two o'clock P. M. of same day, Monday, February 2nd, 1931.

1241
[fol. 3977] Q. Mr. Wheeler, that order by the Federal Court commanding the company to make connections and extensions was entered in the Federal Court July 28th, 1927, and after making an order in respect to certain specific cases that order said:

"On further application to the Court by the City of Columbus, Ohio and it appearing that there are several thousand residents and householders within the corporate limits of the City of Columbus not now served with natural gas and that they have made application to the company for such service and that no extensions whatever have been made since the original filing of this action, it is therefore ordered and adjudged that a mandatory injunction be and the same is hereby granted requiring the plaintiff, the Columbus Gas & Fuel Company, and the defendant, The Federal Gas & Fuel Company, both treated herein as one company with one distributing system, to make extensions."

Mr. Turner: What page are you reading from?

Mr. Butler: I am reading from page 102 and page 103 of the record filed in the Circuit Court of Appeals at Cincinnati
1242
[fol. 3978] in cases No. 5064, 5065 and 5066; there are three cases, Mr. Turner, because each company appealed separately and then they appealed jointly, the cases being consolidated.

Q. (Continuing:) And in the statement of the evidence that was approved by the Court and the attorneys for The Columbus Gas & Fuel Company and the City of Columbus, Ohio, it was recited:

"No such extensions have been made during the pendency of this cause under the preliminary injunction, restricting the City of Columbus from compelling such extensions to be made, nor since the dissolution of said preliminary injunctions; and that many such prospective consumers have applied to said respective companies for such extensions which have been refused."

And then the further recitation:

"Constituted all the evidence offered by either party pertaining to the order appealed from herein."

And in the opinion of the Court in respect to that, it was said:

"It is the function of a public utilities corporation to serve. Its obligation to serve was suspended by order of the Court, in the first instance. That suspension order was released and dissolved at the secondary phase of that particular question. The complainant company during the interim since its dissolution has been a free, moral agent clothed with all the responsibilities and duties which it has as a public utility corporation, and it has not seen fit to comply with its duties to relieve the people who have not been served for more than two years, or perhaps have never been served."

1243

[fol. 3979] And if you were here you will recall that Mr. Welker for the Company said that the customers added under that order were between 2000 and 5000.

Now in the face of those facts, do you still adhere to your statements and your reasonings in your Exhibit No. 63?

A. Yes, sir.

1244

[fol. 3980] Q. You are a utility man of very considerable experience; now those expenses that you talked about as having been made as shown by the records during the years 1927, 1928 and 1929, tell us, would those expenses be a part of the operating charges for those years?

Mr. Turner: Objection.

Commissioner Bricker: What is the basis of the objection?

Mr. Turner: Mr. Butler has testified that he is a utility man of long experience; the witness has testified as to what he was; now we can reach these matters some way.

Commissioner Bricker: Are you objecting to the assumption that Mr. Butler made?

Mr. Turner: I am objecting to Mr. Butler's testimony in the first statement, in the first part of it; that was not a question.

Commissioner Bricker: I think it is proper cross-examination.

Mr. Turner: Note an exception.

Commissioner Bricker: You cannot be prejudiced by it.

Mr. Turner: If it is admissible I do not know why we are not prejudiced by it; we ought to be if it is admissible.

Commissioner Bricker: I think it is a proper question.

Mr. Turner: Note an exception.

The Witness: Is the question "Were they charged to operating or should they have been?"

Q. Should they have been charged; what is proper under those circumstances?

1245

[fol. 3981] A. It might have been entirely proper to charge them to operating, and it might have been parts of them that should have been capitalized; they might have been entirely operating expenses and it would not have affected the answer that we arrived at.

Q. Did you inquire how they were charged?

A. No, sir.

Q. That did not affect you at all?

A. No, sir, it does not affect the method of determination whatever.

Q. Well, again let me ask you, if you were determining the proper rate for 1929, of course, in order to reach that, you have to know what your operating charges are, don't you?

A. Yes, sir.

Q. Well, in this particular matter you have, for 1929, the sum of $52,658.05; tell me whether those should go into the operating charges?

Mr. Turner: Objection; this witness has not been offered in any such matter at all.

Commissioner Bricker: Well, if he has any opinion on that I think it is proper.

Mr. Turner: Note an exception. I understand you are overruling my objection.

The Witness: I see no reason why they might not have been charged to operating expenses; no impropriety if they were.

Q. Well, isn't there a proper method of accounting in your business? Don't you recognize a proper method?

A. It would be necessary to analyze those accounts and see whether they were of such a nature that they represented an entirely new effort to secure additional consumers

1246

[fol. 3982] or whether they, in some respects, were expenses to continue old consumers or to replace consumers who had left the system; it might be that the entire expense was an operating charge and that of course would undoubtedly affect the rate in that year, but it would not necessarily affect the rate base on which the rate was computed.

Q. But which of those elements of which you have just spoken would properly go to capital and which would properly go to operating charges?

A. If some of those expenses were in the nature of advertising, publicity, attempt to secure and educate new consumers, I should think they would be perfectly proper capital charges.

Q. But you have not included newspaper advertising and the education of consumers in your preliminary discussions as bases for this going concern value?

A. Yes, sir, on the reproduction theory; we are not attempting to establish the rate in 1929; we are attempting to establish elements of the rate base, the value that existed at December 31, 1929, and that value is in no sense dependent upon how those items were charged in the prior historical course of the company.

Q. Well, it is pretty important right now to determine, isn't it, where you put those charges?

A. At the basic date, December 31st, 1929?

Q. Yes.

A. No, sir, I do not see that it affects the rate base whatsoever; it seems to me it is the same, if I am giving an explanation of what I have in mind; if we are estimating a

reproduction cost of a physical facility, a building or a pipe line, at a base date, we do not inquire as to whether the company erroneously charged some of the bricks or mortar

1247

[fol. 3983] into operating expenses, or whether some of the bricks and mortar were donated to the company; it would not affect the physical value at the base date of that property. We make an estimate of reproduction cost under existing conditions at that date and we do not attempt to establish a historical cost.

The same thing applies in my mind here; we are attempting to evaluate an intangible element; we are using these costs as a measurement of what the company did expend to attach their additional consumers or additional load. As to how they charged that on their books in the prior years does not effect the value of that element.

Q. Let me put another question; assume just for the question of illustration that this Commission today fixes a rate that will leave you 12 percent on a proper rate, say for the next five years, and assume that in determining that rate, in determining the operating charges, the Commission has included in operating charges $40,000.00 or $50,000.00 a year for this very thing you know, attaching business; now that goes on five years; you had your full return; it was fixed upon the assumption that these moneys for attaching business would be paid out of operating charges, and they were actually paid. Now at the end of five years you come to the fixing of a new rate; would you or would you not in your reproduction for the purpose of a rate base and a new rate take something because of those five years expenditures that had been paid out of operating charges?

A. Absolutely I would.

Q. Don't you think the fairer and more honest way would be not to include them in the operating charges?

A. For the establishment of the new rate base it would be

1248

[fol. 3984] —your question would practically ask me whether I think the reproduction theory is fair and honest; if I assume the reproduction theory I must determine the value at the new date, and that is all there is to it.

Q. Well, since you have to do that, why then not leave out these charges from your operating expenses?

A. Possibly you do; you ask me to assume that the Commission put them in.

Q. Well, I was, because I did not get your answer; now what should we do—what should this Commission do now in trying to fix a rate and in determining the operating charges that it would allow this company; should it include in those operating charges the amounts paid out for the attachment of business currently? Should it leave it out or put it in?

A. In the future?

Q. Yes, in the accounting that is made up for the purpose of a rate base and a rate?

A. If the expenses that they are considering are necessary to increase and enlarge the business, the load, and secure additional consumers, it would certainly be perfectly proper for them to require that those definite expenses, if they could be segregated, should be capitalized, but it is entirely possible that in the future the expenses of that nature might be required merely to keep the load up to the point at which it is, and to replace dissatisfied consumers; that would probaly be legitimate operating expenses.

Q. Well, do you mean to tell the Commission that now you do not believe that the money that was expended to maintain the load without adding customers should not enter into the going concern value?

1249

[fol. 3985] A. No, sir, because if it was spent to maintain the load and the load existed at that date, it is the value of that attached load that we are trying to determine; possibly the load should have been higher and then it would have had a higher value, but it is the value of the load and the number of consumers recorded here which we are attempting to evaluate at that basic date without any regard to how the expenditures may have been shown in the past.

Q. Well, you don't agree with Mr. Hamilton that it is consumers that count and not the increasing of the load?

A. Oh, absolutely, both count.

Q. Oh, both count?

A. Yes, sir; he stated, as I recollect, that the consumers in Denver who took an average of 40,000 cubic feet per year were not as valuable as consumers who might take 100,000.

Q. But I thought he said after you get it to 100,000 that the maintenance of that is not a matter to be taken into going concern?

A. I think he meant that after—I think he testified that after you get it to 100,000 it was practically a normal saturation per customer.

Q. Well, now, tell me—turn to page 33 of your No. 63; you are there already probably; take 1929, the amount expended that year for this particular matter was $52,658.05; I assume you have made careful analyses of that?

A. Those figures were secured from the company's records, yes, sir.

Q. Well, now, will you tell the Commission what part of that, if any, was properly included in the operating charges for that year?

A. I do not know because I did not analyze as to how the company charged it for that year.

Mr. Turner: I wanted to note an exception there; the 1250
[fol. 3986] witness answered ahead of me. We have not offered this witness as an expert accountant; we have offered him as a valuation engineer.

Commissioner Bricker: Well, his testimony was that he did not know.

Mr. Butler: Of intangibles.

Mr. Turner: Yes, sir, valuation engineer.

By Mr. Butler:

Q. Let me put it in a different way; in proper practice, what part, if any, of that sum should have been included in operating expenses?

A. It may all have been included as operating expenses under proper procedure.

Q. Well, tell us about it; I cannot guess what is in your mind.

A. I do not know how much was, nor how much should have been; that is a matter largely of accounting judgment.

Q. Well, can't you give a formula to the Commissioners by which you can tell them that if certain things are within a well-defined category they go one place and if certain expenses are in another well-defined category they go elsewhere?

A. No, I do not think I can pretend to make a formula of that nature.

Q. All right. On page 26 and the following pages you have discussed attached business and have supplied certain alleged historical data about which I want to ask you in the beginning two questions. In the first place, did you get this information from the company's records or did you get it from some of the employees?

A. The statistical figures were furnished from the company's records. The general discussion of what had occurred in years past was secured from some of the old-

1251

[fol. 3987] time members of the organization.

Q. From whom did you get that?

A. Some of that, a large part of that historical data, from Mr. Sidney Allen, whom I had in mind when I mentioned in the text that an individual who had been with the company I believe it was for 38 years had estimated a certain amount of expenses—just a moment——

Mr. Calland: Page 30.

The Witness: At the bottom of page 30 I mention that one of the officials who had been with the organization for over 35 years made certain estimates; that was Mr. Sidney Allen, and he gave a large part of the other historical information.

Mr. Butler: Yes, I advise you, Mr. Turner, that so far as this is concerned, unless you produce Mr. Allen we shall object to it.

Q. You assume that this company started when?

A. No, I did not assume; I took the data that was mentioned on page 6, that the present company represents a consolidation of two prior companies therein mentioned, and the years mentioned.

Q. Well, somewhere in here you speak about the number of consumers they had the first or the second year?

A. Yes, sir.

Q. Where is that? Near the top of page 28; that was back in 1888, one of the predecessor companies, and the number of consumers attached during the first year after the construction of the property.

Q. What year does that mean, 1889 or 1890—75 connected customers?

A. I think that means 1889.

Q. They did not begin to put the plant in here until 1889,

1252

[fol. 3988] did they?

A. Yes, sir. I was told they began to put it in in 1888.

Q. Oh, you were? Who told you that?

A. Mr. Allen.

Q. Did he tell you how many customers were connected in 1890?

A. No, he did not.

Q. Did you assume how many were connected?

A. No, sir.

Q. That did not matter to you?

A. No, sir.

Q. What do you mean—"In 1890 operations were discontinued for nearly one year;" what do you mean by that phrase?

A. I believe that has reference to further construction.

Q. Oh, they made no further extensions?

A. I believe so.

Q. Mr. Wheeler, if I read your pages rightly there, you produced facts which mean something like this; see if I state it correctly and express your view correctly; "That from time to time they put on campaigns for the extension of business and that then relatively soon thereafter the effects of that campaign were largely destroyed by the shortage of gas;" do I state you rightly?

A. I think that that is the inference to be drawn from some of those statements.

Q. For example, they put on a great campaign, you say, in 1911 and 1912, and just after that campaign had been completed the company was forced to drop its industrial users, wasn't it?

A. Yes, sir, because it was purchasing gas from outside companies.

Q. In 1921, or a little thereafter, they had another big campaign, tried to get back their industrial consumers, didn't they?

1253

[fol. 3989] A. I think that campaign was largely to attach more domestic consumption; that they were still having trouble in securing gas for industrial use.

Q. All right; at any rate about the time that was completed the company was forced to drop about 3,000 of its industrials, was it not?

A. In 1923?

Q. Yes. Now turn to page 32; up near the top, you say "In the latter part of 1924 similar steps were taken to discontinue the supply of gas to the manufacturers of food products, bakeries, etc., in Columbus." Then dropping down six or seven lines; "Shortly thereafter steps were taken by The Columbus Gas & Fuel Company to see what portion of its cancelled business could be re-obtained and again attached to the system." Now what did you mean "Shortly thereafter?" Do you mean that campaign of 1927?

A. That was information likewise furnished by Mr. Allen and I understood that within a period of some months that that took place.

Q. In other words, within a period of a few months after this great discontinuance they put on a campaign to see how much of it they could get back; is that what you mean?

A. Due to being able to secure additional gas.

Q. Did you tell me before adjournment just how you reach the methods of computation whereby you determine the amount that you put into going concern for attaching business?

A. I don't think so.

Q. Well, how? You allow so much a thousand, don't you, for the gas used?

A. We determined, as I believe is explained in detail, how much had been expended for new business promotion expenses in the two or three years of 1927, 1928 and 1929 and the results shown by the amount of gas consumption in

1254

[fol. 3990] those years, and derive a direct factor, shown on the bottom of page 34, of the amount of expenditure per added load in those years; I then apply a factor that we think is conservative on that basis to the existing load at the basic date.

Q. Well, really the dollars that you work out revolve rather basically around the expenditures shown on page 33 of your Exhibit No. 63 for the years 1927, 1928 and 1929, and what you think to be the increases or advantages resulting therefrom?

A. They result directly from those fundamental factors of dollars, but not what we think advantages, but from the records of additional consumption shown on the top of page 34; in other words, there are two factors there, the dollars of new business expenses on page 33 and the records of total deliveries of gas on page 34, from which free gas and gas used in operation is excluded.

Q. And yet you continue to say to this Commission that those are not subject to the factor resulting from the fact that thousands of people had been clamoring for gas?

A. Yes they spent that amount of money in those years; that is a matter of record.

Q. Well, it is not money alone that determines it; it is results?

A. The results, I should think, would be the added load; that is what we are using.

Q. Now these thousands—and then I leave you; assuming that what I have told you is true in respect to these people waiting and demanding gas——

Mr. Turner: How many thousands were there, Mr. Butler?

Mr. Butler: Your own Mr. Welker said between 2,000 1255 [fol. 3991] and 5,000 consumers were added growing out of that——

Mr. Turner: I am asking you how many you say were standing there waiting?

Mr. Butler: Oh, I think you are trying to have fun at my expense; probably I deserve it; but we will go on.

Q. Now, considering that what I have told you is true, do you still say to this Commission that you take all of that increased use of gas as resulting from these expenditures?

A. Yes, because it shows at the top of page 34 that there was no increased use of gas in the year 1927; that actually there was a decreased use of gas; but in 1928 and 1929 there was a very heavy increase of gas; it is probable from what you say that the decrease in 1927 was due to that condition.

Q. Now I want to pass a little to another subject——

Mr. Turner: We move to strike out "It is probable from what he says; "because there is no evidence of that in the record.

Mr. Butler: I did not catch you?

Mr. Turner: The stenographer will read it.

Mr. Butler: All right.

Mr. Turner: I do not want to be impolite but I just wanted to get it and not state it again.

Mr. Butler: Oh, that is all right.

(Record read.)

Commissioner Bricker: The motion will be overruled.

Mr. Turner: Note an exception.

By Mr. Butler:

Q. Now I come to a little different subject, Mr. Wheeler; do rates for gas affect the amount of gas used, whether it 1256 [fol. 3992] is high or whether it is low?

A. Why, yes, there may be a direct effect in there.

Q. Well, I am asking ordinarily; here is the City of Columbus; you put your rate up, will there be less gas per consumer used? You put your rate down, will there be more gas used?

A. Oh, I did not gather your question; Yes, sir, the natural effect of increased unit rates would be to lower consumption per customer; or the effect of decreased rates would be to increase the consumer consumption.

Q. Well, now, do you know what the rates were during these years from 1924 to 1929?

A. I believe that that is included in some of my data; I don't think it is stated in the report; I do not recollect the rates.

Q. Well, did that enter into these increases or decreases in any way?

A. Yes, I think that was my explanation——

Q. Well, how did they enter into——

A. The explanation is made on the report as to some of those changes in rates.

Q. Where?

A. On page 31; the statement is made that the rates were increased from 30 cents up to 45, 55 and 65, and that of course had a consideration; that is eight or nine years prior to the basic date that we are using but——

Q. Well, I am talking about the years from 1924 to 1929, on page 34; that is what I am talking about, and I want to know if you know what the rates were?

A. I do not know now just what the rates were in those years; I believe that we have that information in the working papers.

Q. Well, in determining the effect of your money in producing increased or decreased consumption, wouldn't

1257

[fol. 3993] you have to give some consideration to the factor of rates?

A. Not in 1924 or 1925 or 1926, because by the method that we have used we only had available the new business expenditures subsequent to 1927 so that it was impossible to develop any factor of what had resulted from new business promotion prior to that date and the factor of the rates alone would have not led to any such factor.

Q. Well, whatever effect I may give to your answer, turn to page 34 and look; aren't you a little out of step with what you have said? You say there "Adopting as a unit of measurement the increased sales of gas, it is evident that the previously stated new business expenditures, beginning with 1927, are very clearly reflected by the increasing annual sales of gas during the years 1928 and 1929 compared with the previous three years, 1925, to 1927 inclusive, when the annual deliveries of gas were practically stationary?"

A. Yes, that is correct.

Q. Well, you did consider 1925 and 1926 then?

A. No, we did not consider what the expenditures were because we did not have them.

Q. I know, but in comparing the increased sales of gas you did refer to those years, didn't you?

A. Yes, sir.

Q. Of course you did. Now have you anything to say to the Commission, and if so please give them the benefit of what you have to say, about whether in your judgment the volume of gas used was affected by rates that obtained in those years from 1924 to 1929?

A. No, except the general statement that I already made, that of course an increased rate will decrease consumption.

1258

[fol. 3994] Q. Well, don't you think then that you ought to have gone into the rates and studied it a little bit?

A. Not in the attempt to produce the factor that we arrived at.

Q. All right. You have referred to three or four Ohio cities; on what page is that reference?

A. Just a moment; at the bottom of page 13.

Q. That is an unlucky page for one of us; page 13; is it?

A. At the bottom of page 13 reference is made to certain cities in Ohio.

Q. Where are those cities discussed?

A. Mansfield——

Q. Where — oh, yes, I see them here; I thank you; that gives it to me. As I understand you — possibly I am not right but somehow I had the impression that you said that you had personally examined into the records of those cities?

A. I have personally secured the data with respect to those cities from the records of the Ohio Fuel Gas Company.

Q. Where are those records kept; here in the city?

A. Here in Columbus, yes, sir.

Q. That is, they were made up for you?

A. They were made up under my supervision, yes, sir; I made some of them myself.

Q. How large is Mansfield?

A. I did not secure the population.

Q. How large is Fostoria?

A. I do not know.

Q. How large is Lorain?

A. I do not know.

Q. Or Elyria?

A. I did not get the population.

Q. When did they start their installations there?

A. For natural gas or for artificial gas?

Q. Oh, for natural gas.

A. I can secure that in a moment for you.

1259

[fol. 3995] Mr. Turner: While the witness is getting his papers, you promised to have copies of those working sheets made during the noon hour.

Mr. Davies: They are being made and my stenographer will bring them up; at least I requested that they see that I get them this afternoon.

Mr. Turner: All right.

The Witness: I thought the data gave the calendar years but it does not.

By Mr. Butler:

Q. Were any of those towns serviced with artificial gas prior to the natural gas?

A. Yes, there is a notation on my papers that Lorain and Elyria were; possibly Mansfield also may have been, but I have a specific notation to that effect with regard to those two cities.

Q. In other words, that I may make it rather short, you have no working knowledge—I mean no personal knowledge of conditions and situations there and your work was confined to an examination of the figures presented to you?

A. That is correct.

1263

[fol. 3996] By Mr. Butler:

Q. Mr. Wheeler, you say that there is no generally accepted basis for computing the value of an attached and

1264

[fol. 3997] trained executive personnel?

A. None that I know of as a formula, no sir.

Q. Are there various formulæ?

A. No, I did not mean that; I do not know of any specific formula.

Q. Have there been many attempts heretofore to reduce it to dollars and cents?

A. I think there have been but those have usually consisted in an estimate without any formula showing the derivation of the total. It is for that reason that we attempted to give a basis for computing the value and not merely make an estimate direct.

Q. Have you used this method for the first time in these Ohio cases?

A. I have myself, yes; I would not say whether it may not have been used in other cases by the organization.

Q. Well, I am speaking of your own personal methods?

A. Yes, sir.

Q. Did you, before these Ohio cases, use any formula for reducing the amount to actual dollars and cents?

A. No, sir.

Q. As a matter of fact, you have probably never computed this in any case prior to these Ohio cases; is that correct?

A. I am trying to think; personally I do not think I did.

Q. I imagine you worked on this a long while, didn't you; that is, working out your theories?

A. Are you referring to the Columbus report alone?

Q. Well, in those Ohio cases?

A. Yes, sir, for some time.

Q. I suppose you are fully satisfied about the merits of your method?

1265

[fol. 3998]

A. Well, we think they are reasonably conservative and as accurate as an estimate of that nature can be.

Q. You say there were a total of 456 employees—page 20?

A. Yes, sir.

Q. You have not included in this 456 the persons named on page 19, have you?

A. No, sir.

Q. In making your estimate did you attach any value because of the persons mentioned on page 19?

A. Yes, sir.

Q. Did you reduce them to a money value?

A. We attempted to do so, as explained at the top of page 23.

Chairman Geiger: Of 23?

The Witness: At the top of page 23, the first four lines of which have reference to the executives and department heads and not to the rank and file.

By Mr. Butler:

Q. Well how did you get their salaries?

A. We secured from the company a statement of the average salary of the officers specified on page 19.

Q. Well, you know quite a number of those officers are not paid by The Columbus Gas & Fuel Company?

A. Yes, sir.

Q. Well, to those you ascribed no value, did you?

A. We did not, in estimating, pay direct attention to whether their salaries were paid on the payroll of The

Columbus Gas & Fuel Company. We ascribed a value to the company through their positions using the salaries, and with the further proviso stated in the report that there was no duplication of the same individuals as mentioned at the bottom of page 22 due to the fact that they might be officers of another corporation.

1266

[fol. 3999] Q. Well, take Mr. Seyffert as treasurer; now what value did you give to him?

A. I could not tell you as an individual; we took it as an average; we did not take it per person.

Q. Well, what salary did you assume that he got?

A. As I say, we did not assume a salary for him; we were furnished the average salary for those 21 executives and we used an average base, the same as we used the average period of their experience and length of service. We did not attempt to work out a value per individual and then make a summation.

Q. Well, did you set out in your report those average salaries? Tell me what the average salary was for those officers; not the department heads; I think there are eleven officers that you name?

A. We secured the average salary of eight officers, eliminating three who were duplicated, individually so as not to——

Q. What three did you eliminate?

A. Mr. P. A. Balliet, Mr. A. W. Horn and Mr. E. C. Sharpe. The date furnished us gave the average salary for the year 1929 of the other eight officers there shown.

Q. What was the average salary?

A. $16,400.00.

Q. Do you mean you assumed that on the average for those other eight men the Columbus Gas & Fuel Company paid each of them $16,400.00; is that right?

A. We were furnished with information that that was their average salary; not that it was paid by The Columbus Gas & Fuel Company.

Q. Well, you know, do you not, or were told, that most of those men serve also other companies?

A. Yes, sir.

Q. Well, didn't you make an apportionment.

A. Absolutely; no duplication was made. In our com-

1267

[fol. 4000] putation we only used salaries and individuals for this company whom we did not assign any value to in any other computation. The explanation that apparently is necessary of the statement made in the middle of page 22 I believe should be self-explanatory. We had previously prepared a report on the intangible value of The Ohio Fuel Gas Company, and in that report had similarly computed certain values for attached personnel; the officials of that company who were therein computed were eliminated in the computations in the Columbus case so that there would be no duplication.

Q. Do you know what the total salaries of each of those men is?

A. Individually no; only on that average.

Q. You did not go into that?

A. No, sir.

Q. How did you get the $16,400.00?

A. I do not get you, Mr. Wheeler.

A. There are eleven officers specified on page 19; I gave you the names of three that were eliminated and we were furnished with figures to the effect that the average salary of the other eight therein stated was $16,400.00.

Q. Well, is that total salary or the amount chargeable to The Columbus Gas & Fuel Company?

A. Total.

Q. And from all other sources, for example——

A. Yes, sir.

Q. Mr. Seyffert now, it appears in the testimony, is treasurer of a number of companies, five or six or seven; just how many is not important. Now you understand that upon that basis, considering the average salary and not as actual, for purposes of illustration, for all of that he got $16,400.00?

A. Yes, I so understand it.

1268

[fol. 4001] Q. Well, then wouldn't you cut it down and modify that amount for The Columbus Gas & Fuel Company?

A. If we had been making all of these investigations and reports at the same time that very probably would have been done, but Mr. Seyffert as an individual had been included in our computations of value for The Ohio Fuel Gas

Company, and therefore his salary was entirely eliminated in the present computation.

Q. Well, then you eliminated four; that is another man that you eliminated?

A. The information furnished us eliminated those three that I gave you; some of the other eight had also been previously included.

Mr. Turner: In what?

The Witness: In the previous computation for The Ohio Fuel Gas Company.

By Mr. Butler:

Q. You charged Seyffert entirely to the Ohio Fuel Gas?

A. I think so.

Q. Why was that?

A. As I attempted to explain, we had made a prior determination or estimate of the value in the Ohio Fuel Gas and we had assigned him to that company; therefore, in order to avoid any apparent duplication, as an individual he was eliminated in this computation.

Q. What other men among those had you assigned to The Ohio Fuel Gas Company?

A. Mr. Raymond Gross, Mr. F. H. Crawford, Mr. T. H. Kerr, Mr.——

Q. Mr. Seyffert?

A. Mr. P. A. Alberty, Mr. A. L. Seyffert and Mr. P. A. Balliet are all officers of The Ohio Fuel Gas Company and we had considered them in arriving at our estimate in that case; therefore, in the present case they were eliminated.

1269

[fol. 4002] Q. You changed their whole salary——

A. We assigned their whole value as personnel in the Ohio Gas case because we had previously prepared that report.

Commissioner Bricker: That only leaves three then assigned to this company?

The Witness: Officers, yes, sir.

By Mr. Butler:

Q. Now to each of the remainder, Gregory, Girard and Allen, you assigned to this company a salary of $16,400.00?

A. Not in our computations; we understand that they were among those who made up the average.

Q. Well, what did you assign to those men; just tell the Commission?

A. All right; I will try to do that in detail.

Q. Do you mean tomorrow?

A. No, right now.

Q. All right, take Gregory—take Girard and Allen.

A. There were six officers that I have listed that were also in The Ohio Fuel Gas Company; the other five were assigned, in the computation, an average value as attached personnel of $2000.00.

Q. $3000.00?

A. No. $2000.00. The ten department heads listed below at an average salary of slightly—just below $3000.00, of which the records showed that 72 percent is charged to The Columbus Gas & Fuel Company. This amounts to slightly over $2000.00. Using the $2000.00 unit we assigned an experience value as attached personnel of one and a half years salary, or $3000 per department head, amounting therefore to $30,000.00, to which we added the $10,000.00 for the five executives not included in The Ohio Fuel Gas Company, amounting to a total of $40,000.00, which is the 1270

[fol. 4003] amount shown on page 25.

Q. You were aware of the management contract between this company and The Columbia Engineering & Management Corporation?

A. Yes, sir.

Q. You know that some of these men of whom you speak were furnished by them?

A. Some of the officers, yes, sir.

Q. That contract is terminable at will?

A. I do not know.

Q. That does not enter into your consideration?

A. No, sir, because we did not assign a value for the same individuals to the Columbus and the other company; the contract being terminable at will would merely be the same as any individual's employment; it is terminable at will; so that we gave no more consideration to the fact that that contract was terminable than that any individual could cease his employment at will.

Q. Quite true, but in your mind there is no difference between a man who came directly unto the employment of the company and a man who has been sent here by the

will of a management corporation under a contract terminable at will?

A. Not for our purposes, no, sir; we were basing our value on the man's length of service and familiarity and experience and not as a factor in a management contract.

Q. Well, as an operative fact, isn't the man that you take in and bring up of more value than the man that is sent to you through an operating contract with an operating or management company?

A. Probably so; there are a great many conditions there that are difficult to define.

Q. Don't you think you will probably revise this new 1271

[fol. 4004] theory of yours yet?

A. Very possibly. It represents at the present time our best judgment.

Q. Since when has it represented your best judgment?

A. Since this report was made; at the time of its preparation.

Q. You speak somewhere of the tendency of corporations to insure the lives of their key men and we have observed some charges for insurance in the accounts of the company that are not altogether plain; did you examine and find out how many of these key men are insured?

A. No, sir, we did not in this particular case.

Q. Wouldn't that have been illuminating?

A. It might have but we were trying to determine a value based on a general policy and conditions, and it might have been that these individuals had that value and yet were not insured by the corporation. The mere fact that they were not insured by that particular corporation for the benefit of the corporation would not have meant that they therefore had no value.

Q. Do you mean to say that it is a common and usual practice for a corporation to insure the lives of those men who are sent to them by a management corporation between which and the operating company there is a contract for management?

A. No. I think under those conditions that probably the management corporation would insure, if the individuals were so insured.

Q. And probably, in which case, the insurance, if and when collected, would go to the management corporation?

A. Yes, sir.

Chairman Geiger: Well, I don't understand that you have estimated as a part of your going concern value insurance that is paid for these operators?

1272

[fol. 4005] The Witness: No, sir; we have attempted to secure that as one of the factors and give that as a basis for arriving at the figure of so much per individual and not merely pick that out of the air. It is one of the conditions which do exist in industry.

Commissioner Bricker: In other words, that is an argument to support your position.

The Witness: It is a factor to try and support the computation on which the computation is based, in other words.

Chairman Geiger: Well, isn't this all you did with that; that is to say that insurance companies are accustomed to insure for the benefit of the corporation their key men and in so insuring them they figure their insurable value upon a certain schedule or basis?

The Witness: No, sir, if I understand you, not the insurance company, but the company that insures them.

Chairman Geiger: Well, all right—oh, no, you only do that to ascertain what it was worth——

Mr. Turner: I think if Your Honor will analyze your own question you will agree with the witness; you asked what the insurance companies insured them for and he is only getting at it from your angle, and I think Your Honor will agree with that.

Chairman Geiger: Well, then the next question to follow would be this; do you figure in your computation of the value of attached personnel that you are warranted in taking the value to a company of a particular individual the same that an insurance company would insure him for?

1273

[fol. 4006] The Witness: No, sir, not necessarily.

Chairman Geiger: All right.

By Mr. Butler:

Q. Well, what is the connection between this insurance of which you speak and the amounts that you determine and assign for trained personnel?

A. The connections is that many corporations, as a result of our inquiries, insure in their favor their key men or executives in amounts which seem to bear a relationship to their annual salaries; in other words, they would not insure a two thousand dollar man for $100,000.00; there seems to be a very even relationship between the amount of insurance in favor of the corporation and the man's salary, which appears to run around five times the annual salary.

Chairman Geiger: Now do I understand that you mean to tell us that that would have some remote connection with our fixing the value of that personnel as a going concern value? Isn't this true, when you come to the question of insurance, that they may insure men who are of different value to them but they must constantly take into question the age of the man insured? Now you might have a younger man of 30 years who was not getting a very large salary but they had discovered that he was a very valuable man to them because of his ingenuity and experience and his genius in a particular line; they would insure him, as far as the insurance premium goes, at a rate of a 35 year old man; they might have another man at a $100,000.00 salary but he was 75 years old; they certainly would not go out and insure him according to his salary without considering his age, would they?

1274

[fol. 4007] The Witness: No, his insurability and the premium of course would depend directly on the age.

Chairman Geiger: Then there is another element in there that you have to take into consideration that you have not talked about, and that is the age of the man who is being insured, in addition to his salary, so his salary has not an exclusive influence upon the amount for which he is insured?

The Witness: No.

Chairman Geiger: Salary in addition to age; you could not tell anything about it unless you had both; isn't that right?

The Witness: Well, there seems to be a relationship in the information that we——

Chairman Geiger: I know, but you have one element and that is salary, and isn't there an equally important element, and that is age?

The Witness: I don't think it is equally important.

Chairman Geiger: All right.

The Witness: It has a bearing if you are trying to get the exact ratio, yes.

By Mr. Butler:

Q. What natural gas companies insure their key men?

A. I do not know.

Q. Have you investigated it?

A. For natural gas companies?

Q. Yes.

A. Not directly, no, sir.

Q. Well, now, just what real knowledge do you have of how corporations do insure their key men; do you know?

A. That information was secured by another member of our organization from insurance companies to get that

1275

[fol. 4008] proportion for the purpose of arriving at some factor which we could reasonably use.

Q. And it was then reported to you?

A. Yes, sir.

Q. And you do not know where they got it?

A. From the companies? No, I do not; it was gotten from several sources.

Q. It is pretty nearly hearsay, isn't it?

A. Well, it was secured by a director of Ford, Bacon & Davis, and that information was furnished to me for use in working up that factor.

Q. Well, don't you know as a practical proposition that right here in Columbus key men are insured, when insured, for just whatever amount the management may determine they would like to have them insured for?

A. Well, that may be entirely so, but that amount, from our inquiries, will bear some relation to their salary.

Q. Would it——

A. On the average it probably would.

Q. Take Judge Geiger's question, what about an old man with a high salary; are you going to pay the very, very high rates?

A. No; this is an average of all individuals; we did not get it for one person or any others; we just tried to get an average relation which——

Q. How do you know what you got?

A. Well, I have told you the best I can.

Q. Just hearsay; that is all.

A. That information was secured not by myself but by a director of the corporation.

Chairman Geiger: And isn't there another very important element to be considered, that a good insurance agent 1276
[fol. 4009] is trying to sell as much insurance as he can; that is his job?

The Witness: Yes, sir.

Chairman Geiger: And he will go the limit in the amount that the company wants to insure their individuals for?

The Witness: Yes, but he has to sell that idea to the corporation.

Chairman Geiger: Yes, he has to sell the idea of the insurance.

Mr. Turner: But, Your Honor, would not a company that was attending to business have something to say about how much they were going to yield to the high-pressure agent?

Chairman Geiger: Well, they can go out and say "Would you insure this man for $50,000; he is in good health and a young man," and he says "Certainly they will."

Mr. Turner: That is not the way they do it.

Chairman Geiger: How do they do it?

Mr. Turner: I have been on some Boards that did it and they don't do it that way either.

Mr. Butler: And I have been on Boards where insurance has been taken that bears no relation to what this witness is testifying to.

Mr. Turner: This man has testified that that was one of the ways they tried to find out something by which they measure value, and he also says that they take into consideration the time to replace such an employe, and I think that that is, at least in the companies I have had to do with, that is what they have taken into consideration—the time to replace the employee, the time and the cost.

By Mr. Butler:

Q. Mr. Wheeler, on page 20 you classify the number of 1277
[fol. 4010] employees according to length of service; I see that 174 of them had a length of service of one year?

A. Yes, sir.

Q. 174 out of 456; doesn't that indicate a rather considerable turnover?

A. Well, a reasonably high rate; not excessive, no, sir.

Q. Do you think that that does not indicate anything in disparagement of your view that this is a highly trained and satisfied personnel?

A. Oh, no; that 174 lessens the average, of course.

Q. Well, over and beyond the average, isn't it a significant thing?

A. Well, it has a bearing, but it is the average that we were trying to arrive at.

Q. Had those persons been there a whole year or had they come there, some of them, within that year?

A. As that was furnished us that meant an average of one year of service for those 174, as I understood it, because it is progressive; and the next number, two years; and of course it does not mean exactly two years. I understood that 174 to mean that their average length of service was one year as compiled by the company from its personnel records.

Q. You understand that some of them might have been there only a very short time?

A. Undoubtedly some of those 174 had been there less than exactly twelve months.

Q. For what period, or ending at what time, were those figures furnished you?

A. December 31, 1929. That was specified distinctly.

Q. So you do not know how many of 174 were actually employed for the first time in the calendar year of 1929?

1278

[fol. 4011] A. No, sir.

Q. Did you make any effort to find out?

A. No, sir.

Q. If I follow you, you believe that a highly trained personnel reduces your operating charges?

A. It should undoubtedly.

Q. And training people tends to increase your operating charges?

A. The cost of the training, yes.

Q. How?

A. The cost of the training, yes, sir.

Q. The cost of training; the mistakes they make enter into your operating charges?

A. Yes, sir.

Q. We are in accord on that, aren't we, Mr. Wheeler, that those increased costs arising from training, or from the absence of a trained personnel, are reflected in operating charges?

A. I think so.

Q. Well, of course, that brings us back to what I have asked you many times; we may assume that in fixing a rate the utility is given a proper and generous return; now in the operating charges that figure into your computation are included these costs of training personnel, aren't they, for these years, whatever they may be?

A. Yes, sir.

Q. And assume that they are paid as operating charges in addition to this generous return, although the money received from the consumer paid not only a proper return on your rate base but had also taken care of the cost of training the personnel, you would still carry the values into your new rate base?

A. At a specific date, yes, sir, on the reproduction cost principle.

Q. And in determining them you are not interested how or when it is paid?

A. In what manner it is charged on the books, no, sir,

1279

[fol. 4012] not a particle.

Q. What personal knowledge have you of the cost of breaking in an employee?

A. Only such as I have secured in the investigation mentioned here, as to the different articles or authors that I may have read on that subject.

Q. It is through reading that——

A. In this particular case, yes.

Q. Well, don't limit it; all that you know upon that subject about the cost of breaking in a laborer comes from your reading and not from your personal experience?

A. Oh, no, I do not mean to state that.

Q. How?

A. I do not mean to state that.

Q. Well, what do you mean?

A. Well, I have had some experience with men under me, both in the physical operation and in technical work, and I appreciate that a man of experience, after he has become accustomed to his job, is of that much more value

to the organization for which he is working and to his job——

Q. Well, how do you get down to the amount of dollars that go into the training of an employee?

A. That would be a matter of judgment and estimate.

Q. An educated guess?

A. No; an educated estimate based on judgment.

Chairman Geiger: Well, you quoted on page 23 and 24 the best articles you found that sustained that?

The Witness: Yes; those seemed most to the point.

Chairman Geiger: And the one on page 24 says: "No reliable investigation of this cost item seems to have been made and the opinions of industrial managers differ

1280

[fol. 4013] widely." And at the bottom of page 24 you say: "This question is difficult to answer. To get at the cost accurately is almost impossible."

Now those are the authorities upon which you base your judgment, and both of them say it is a very indefinite and uncertain thing?

The Witness: And it all goes to show that it is a matter of estimate; that it is not a matter of mathematical determination.

Chairman Geiger: Well, all right, but what I wanted to get at is, that that is the basis of your authority for bringing to us here your estimate, those three articles that you have quoted on pages 23 and 24?

The Witness: I believe they are most to the point, yes, sir.

Chairman Geiger: They are more to the point than any others; all right; I just wanted to know. All right.

By Mr. Butler:

Q. Did you ascertain or seek to ascertain what the actual turnover among these employees was for the calendar year of 1929?

A. Yes, sir, I made inquiry of that; I believe I can find that. It is not stated in here but it either was furnished to me or I had data from which that can be worked out. I do not know the labor turnover now in this company; I did not work it out exactly.

Q. Well, I am not speaking of the labor turnover; this trained personnel turnover?

A. Well, this is the rank and file that you are referring to, that 456.

Q. Does that include laborers?

A. That includes the entire number of rank and file em-

1281

[fol. 4014] ployees; it gives the same weight to those who—on the permanent payroll, yes, sir.

Q. Well, I did not know how bad it was.

A. It is the entire personnel, other than the officials stated on the previous page.

Q. Chauffeurs, truck drivers?

A. If there were any.

Chairman Geiger: Well, if you could estimate the value of this personnel trained to do your business and give a value to each one, would you say that is a permanent value to the company that should be capitalized?

The Witness: It should be capitalized and at that date it was of value in our opinion.

Chairman Geiger: But I see here on your page 20 there are 174 out of the 456 that were only with you one year?

The Witness: Yes, sir.

Chairman Geiger: Suppose we capitalize the personnel and almost fifty per cent, or about forty per cent, quits at the end of a year, then you have lost that much capital.

The Witness: Yes, sir, those 174 tend to lower the average period of service very very materially, and if they quit at the end of a year, why, you have that much turnover and that much less value in the subsequent year.

Mr. Turner: Your Honor, can I——

Chairman Geiger: Suppose you had a very lovely, well-organized personnel, and for some reason or other there should be a strike and the whole business—and they all quit; then do you mean you would lose that much capital?

The Witness: I think that element of value at the date they quit would be wiped out.

Chairman Geiger: And you would have to start in and

1282

[fol. 4015] replace it the next day with new men?

Mr. Turner: The same as a fire. If you want those 174 stricken out we will strike them out and give you another average.

Mr. Butler: We are not asking you to do anything.

Commissioner Bricker: That would raise the percentage?

Mr. Turner: Sure; that is against us; we will cut them out if you want them out.

Chairman Geiger: On the theory that you are endeavoring to make a value of a trained personnel, that is supposed to be trained so that they are in harmony with you and you with it and it with the public, so that it all goes along as a well-oiled and greased machine?

Mr. Turner: Yes, and we show to that extent that those are not well-oiled and greased, and if you object to them we will cut them out and say we won't consider that 174; they have only been there a year.

Chairman Geiger: I see. Well, that is all right; that is all right.

By Mr. Butler:

Q. I see that you have 356 out of the 456 that have been there four years and less?

A. Do you want me to check that?

Q. Yes, see if I am right.

A. That is right.

Q. Do you know the character largely of those 356; were they what you might call laborers—truck drivers?

A. No; I do not—I think that they were probably in the lower classes of the rank and file.

Q. Meter readers?

A. Yes, sir.

Q. Do you have any of the trenching gangs included 1283

[fol. 4016] there?

A. The only personnel furnished us were those who were in the permanent payroll at that date; if there were any such they would have been included.

Q. Well, it included the maintenance gangs?

A. Yes, sir.

Q. Clerks—stenographers?

A. Yes, sir.

Mr. Turner: You asked some cost data on the Edmonton line from their files and he called up and asked for it and here is a telegram.

Mr. Butler: Well, I would like to see some files.

Mr. Turner: Oh, that is too fast.

Mr. Butler: I have rarely had — witness who had more ability to tell me things; it is a unique discovery.

Mr. Turner: He has a telegram from Ford, Bacon & Davis from their files; I did not know but what you wanted it. We try to serve, is all.

By Mr. Butler:

Q. Now you were to get some information for me about which I inquired before noon; did you have time to do that?

A. I secured some of that information along two specific requests that you made. One of them was regarding Statement No. 5, page 46, of our report.

Q. Page 46?

A. Yes; in which you asked for some detail as to the amount of investment therein shown for the Edmonton Line or the Northwest Utilities Limited Gas Company's system.

Q. You are going to read from your telegram now, are you?

A. I am preparing to do so, yes, sir.

Q. Well, that is the only information you have?

A. No, I have some other information on another inquiry 1284

[fol. 4017] you made.

Q. Well, I mean as to this?

A. That is all you asked for, I believe, yes, sir.

Q. Well, I don't think it is any worse than a large per cent, and I shall be very happy to have it go in, subject to my objection, and then it can——

Mr. Turner: Oh, that is a new way to introduce testimony.

Mr. Butler: Why yes, I intend to object to a very considerable part of this.

Chairman Geiger: Do you object to it because it is a telegram?

Mr. Butler: No; it is hearsay, is all; this is just as good as a letter; just as good as a letter.

Chairman Geiger: Well, we cannot tell anything about it until we see it.

Mr. Turner: I think Mr. Carlton's name is probably on there.

Mr. Butler: Oh, I have no objection to a telegram as against a letter—nothing like that—but it is apparent that when I asked for that information I wanted information about which I could cross-examine; I cannot cross-examine a telegram, nor can I cross-examine the man who sent it.

Mr. Turner: Well, let us have a day set and go to Alberta.

Commissioner Bricker: Let us not make it in the winter time.

Chairman Geiger: In order to progress, what is before the house at the present time?

1285

[fol. 4018] Mr. Turner: I do not know.

Chairman Geiger: If it is a telegram, the objection will be sustained. Is there an objection to it?

Mr. Butler: I think I shall be obliged to make it.

Mr. Turner: Oh, we did not offer it, so you do not need to sustain any objection. I offered nothing. Mr. Butler is objecting to his own question.

Chairman Geiger: Well, all right; we have nothing to pass on: the ruling is suspended, or withdrawn.

By Mr. Butler:

Q. What other information?

A. You asked for some of the details in regard to Grove City.

Q. Yes.

A. As to how old it was, the industry and number of lines and cost. I ascertained during the noon period that Grove City is a town of over forty years in age; that there are no industries using gas; and that the population is approximately 1,500 or upwards,—I believe I stated I thought it was 2,000 this morning; that there are about 400 buildings.

You asked especially in regard to what part of the cost of $62,000.00 for that system mentioned in our report represented the cost of the main from the city limits to Grove City, and I found that that is built as a part of—or as an extension of the company's system, and they have not got an exact segregation of the cost of the main, about five miles in length, but that the main proper, which is a six inch pipe, represents about $25,000.00 of that $62,000.00;

and that along its length there are about 200 attached customers in addition to those at Grove City.

I believe that furnishes most of, or all of, the data for which you asked.

1286

[fol. 4019] Q. Yes, that was a line that was built for the development of the territory between Columbus and the end of Grove City, isn't that true?

A. I do not know the purpose but I would not judge so from what I have seen in my inspection, because Grove City has a good deal more of a community than the intervening territory.

Q. How many connections there?

A. There are approximately 300.

Q. And how many along the way?

A. About 200.

Q. Not so very much difference, is there?

A. Oh, no, not in the total; about three-fifths.

Q. Now in view of that information that you have and which you have given us, you still think that that illustration is very comparable for the purpose of determining the local situation here in Columbus?

A. Oh, I never stated that that was a definite comparable situation, no, sir; I stated that the report shows that it is one of the features that are used because it is a part of this particular system in which we were able to secure specific data, and we recognize, and so state in the report, that to be considered by itself it would not be a very good comparison, and that is the reason that we use the data for the four other cities.

Q. I suppose you hardly subscribe to the theory that two bad examples make a good one?

A. No, I think they are both pretty close in this case; they show rather close agreement.

Mr. Butler: I should be happy if the Commission would let us adjourn at this point. I may have a few matters to gather up with Mr. Wheeler tomorrow.

1292

[fol. 4020] Q. Mr. Wheeler, I direct your attention to page 34 of your Exhibit Number 63, indeed to pages 34 and 35. You estimate the value of attached business at six cents per thousand cubic feet of gas attached?

A. Yes, sir.

Q. And you have determined that six cents from the figures on Pages 34 and 35?

A. Pages 33 and 34, yes, sir.

Q. Otherwise, you have no figures or data that leads you to six cents?

1293

[fol. 4021] A. No, not in this case.

Q. Well, this case—in how many cases have you used this method?

A. We have used——

Q. I asked how many you have used?

A. I have used a similar basis in two or three other cases.

Q. What other cases?

A. In The Ohio Fuel Gas Case and The Dayton Power & Light Case, as I recollect now.

Q. You seem to have brought those new theories out—or those new methods—to try them out, Mr. Wheeler?

A. No, not particularly.

Mr. Butler: That is all; Mr. Wheeler.

Mr. Turner: That is all, step aside.

Chairman Geiger: May I ask just a question? Turning to your page 39, the first item there of estimated going concern value consists of interest or return unearned during business development period, $250,000.00. As I understand that item briefly, it is for over-capacity of a plant that is constructed, but not put fully in use before the expiration of the given period which your schedules estimate may be from three to six years or four to six years, I believe?

The Witness: That is correct.

Chairman Geiger: Do you know anything about the actual condition existing in Columbus in reference to that matter? Has Columbus been over-equipped or is it now over-equipped?

The Witness: The only actual data that I was able to secure on the Columbus facilities themselves, in the early years of their installation, was on the Grove City extension. The fact of whether or not the facilities would be over-equipped now would not bear directly on the question or

1294

[fol. 4022] on the cost as developed there, unless they were facilities that had been installed within the past three

to six years. I do not know as to the exact condition of some of these other facilities now, but without data on investment cost and use of the facilities in their initial years of operation, we could not develop a factor.

Chairman Geiger: I believe you said in giving your history incident to the development of the plant, that there was a ten inch pipe installed in 1900—I don't have that available—is that correct?

The Witness: At the top of Page 28. The reference is to the initial development in 1888.

Chairman Geiger: No change in the size of the pipe during that time, has there?

The Witness: So far as I know, not.

Chairman Geiger: You say on Page 29, "About 1900, Columbus Gas & Fuel extended its line in Knox-Licking Counties to what [redacted] known as the extension of the Thurston-Fairfield Gas [redacted]a, and carried on an extensive drilling campaign. Its ten inch main was extended from Johnston to the northern section of Columbus, entering the city at the vicinity of Fifth Avenue."

Was that ten inch main continued as a ten inch main within the limits of the City of Columbus?

The Witness: I could not answer that as to the condition at that time.

Chairman Geiger: Well, let me ask——

Mr. Turner: I can say to Your Honor that that is not a part of the present inventory at all.

1295

[fol. 4023] Chairman Geiger: Well, that is referred to here and he has used it.

Mr. Turner: Well, he has used that as historical of a gas supply. This company has no gas supply.

Chairman Geiger: Let me ask you this broadly, without going into details; do you know of any places in the City of Columbus where there has recently been laid a heavy main for the use of natural gas or have they used—and do they now use—mains that have been in use as such for many years? I do not mean in developing new territory.

The Witness: Oh, you do not——

Chairman Geiger: (Continuing:) But in taking up an old main that was not of sufficient capacity and installing a new main.

The Witness: I do not know just what their procedure is in that respect, but I understand that if the pipe system

is of sufficient size and it can be operated to handle gas, they utilize it.

Chairman Geiger: Would you be willing to tell me whether or not the capacity of the natural gas main depends somewhat or possibly a great deal upon the pressure?

The Witness: Yes, sir.

Chairman Geiger: A main that has a given capacity at one pressure may have a very much greater capacity at a heavier pressure?

The Witness: Yes, sir, that is the same as in the case of water.

Chairman Geiger: That is the fact, water will flow through a pipe of the same diameter much more rapidly under pressure than it will at a low pressure?

1296

[fol. 4024] The Witness: Yes, sir.

Chairman Geiger: Or simply a gravity pressure?

The Witness: Yes, sir.

Chairman Geiger: Well then, it is not possible that this has been the situation: That the capacity which you speak of as over-capacity has been its capacity proper, to the amount of pressure that has been then placed upon the gas.

The Witness: I do not think so, because——

Chairman Geiger: Well, do you know that that is not so?

The Witness: I know that that is not entirely so. There may be a change due to the operating methods by which they will somewhat aid their pressure, but that is not so as the figures are derived here, because——

Chairman Geiger: Well, do you know of any pipe laid in the City of Columbus in the heavier districts, that is, where they have heavier diameters or large diameters, and that has been over capacity for the use at the time it was laid; do you known of any such existing or do you draw the inference that such a thing did exist because it existed in Grove City or these other four cities that you mention?

The Witness: I do not know the actual total in the initial years of any other lines in Columbus.

Chairman Geiger: Your basis for forming your estimate is one worked out from the theory that in other cities to which you refer and to Grove City, there has been over-capacity.

The Witness: That is true. Those are the only cases in which we could secure that data to work out the mathe-

1297

[fol. 4025] matical figures. We were not able to secure the usage or investment so far back from the records in any other instances here in Columbus.

Chairman Geiger: Well, what would you think of the view that might be taken of that, that if there is an over-capacity, it is simply property that is not used or useful.

The Witness: I do not think that that would be so; if they put down two lines and used one until the demands became sufficient and then they turned gas into the second lines, undoubtedly that first line would not be technically used during that initial period, but you have a pipe line through which a less than normal usage, an amount of gas is flowing, and to say that a part of the line or a part of the diameter of a pipe is not used or useful, it would seem to me to be a very strained construction. I do not see how you could classify a unit, such as a necessary and correct size of pipe as only partly used because its capacity was not reached until it could be used——.

Chairman Geiger: Well, wouldn't your theory result in this—or would it—I am simply inquiring:

That if you base your value of your property upon some accounting that brings into the capital an unused portion of the pipe because it is over-capacity, and you base your rate upon that, are you not making the rate-payer who pays the rate, pay a rate based upon that unused capacity and pay more than he should pay for this service because he gets no benefit from it and not used and useful to him and is simply to protect a growing business which will ultimately attach to the pipe—the future rate payer? Let me put it

1298

[fol. 4026] this way just as an example—and very exaggerated, of course: Suppose you lay a gas system in the City of Columbus and you only succeed in attaching ten consumers who consume a very small amount of gas; would you say that those ten should pay a rate that would pay an income upon the capacity that was made for the service of ten thousand?

Mr. Turner: Objection. That is not the question before the Commission at all. The question as I see it, before the Commission—with all due respect—is whether or not there is an investment, or was an investment here to furnish a service. Now, you begin to furnish. This is a reproduction proposition. You begin to attach customers. We can not have that Phœnix-like rise here on the evening of the 29th

of December. That is a little bit too fantastical. You have got to take time to get them on there, and in order to render that service, the pipe must be of a capacity to render a normal service for three or four years. You could not be tearing up the streets every six months to be putting down new pipes.

Chairman Geiger: Well, it does not seem to apply quite to my question. It produces a theory that I would like to have definitely stated without too long an argument on it: That when you reproduce, theoretically, new, produce a plant as of a date certain, what do you produce at that time? Do you produce the bare bones or do you produce the bare bones with its customers as exists now?

Mr. Turner: The Supreme Court of the United States has many times said that you have the going concern value——

Chairman Geiger: Oh, I know that.

1299

[fol. 4027] Mr. Turner: If you know all of that, then I do not get the question.

Chairman Geiger: The question is this, Mr. Turner, and you can get it if you listen——

Mr. Turner: Well, I could not get it at all.

Chairman Geiger: As of a date certain, what do you produce? The bare bones of the structure or the bare bones attached to its business?

Mr. Turner: You produce a going concern.

Chairman Geiger: As it now is?

Mr. Turner: As it now is, yes, sir.

Chairman Geiger: Well, that is what I want to get at. So that on December 31, 1929, you are to imagine the reproduction of the Columbus plant as it now is with all attached business.

Mr. Turner: Completed; that is all completed, not done all at that instant; it is completed at that time. In all of your cases here, you have taken a period of time for the construction of the plant.

Chairman Geiger: I see, and that time shall be a time whatever it may be, prior to the date when it is completed.

Mr. Turner: As I understand it, Your Honor, yes, that is correct, because you must be ready to furnish the service.

Chairman Geiger: And how long are we going to take, how long to do it?

Mr. Turner: We have taken in this case a minimum time of three years to build this plant.

Chairman Geiger: Well, if you have taken a minimum time of three years—and they all agree it will take that—

1300

[fol. 4028] Then the figures of your over-capacity would not extend beyond the period of three years at the outcome?

Mr. Calland: That assumes it would not grow.

Mr. Turner: Well, that is a matter that might be debatable.

Chairman Geiger: That is so.

Mr. Turner: That assumes, as Mr. Calland suggests to me, that Columbus would never grow any more; or that you would be working, tearing up the streets next year, and doing it all over again. I think——

Chairman Geiger: Well, let me ask the witness a question;

Assuming that the plant is completed as a going concern plant on December 31, 1929, with its present attached business, and assuming further that it would take three years to build it and attach the business, then would you say or would you not say that your item of unearned interest should extend back beyond a period of three years?

The Witness: On your assumption that it would only take three years to attach the business, no.

Chairman Geiger: It should not extend beyond three?

The Witness: Not if it only takes three years to attach the business, if that is the basic assumption.

Mr. Turner: Now, may I——

Chairman Geiger: He understands me better than you do, and I am asking him some questions.

Mr. Turner: Well——

Chairman Geiger: You may object and he may rule whether it is objectionable or not.

Mr. Turner: All right.

1301

[fol. 4029] Chairman Geiger: Assuming now——

Mr. Turner: I would like to hear one for information.

Chairman Geiger: Yes. Assuming that it may appear ultimately in evidence that it will not take three years to reconstruct the plant, but will take a less period, then whatever less period it will take would be the measure in which this unearned interest should extend, and it should not extend beyond that point; is that correct?

The Witness: Only if you make the same assumption, that you will attach all the business in that same less period.

Chairman Geiger: Yes, that is my right, we are only assuming.

Mr. Turner: May I ask Your Honor a question?

Chairman Geiger: Now, wait a minute, will you, Mr. Turner?

Mr. Turner: All right.

Chairman Geiger: Well, go ahead right there if it connects right in at this point.

Mr. Turner: Would Your Honor say that because for about twelve days in the year when the gas company has to furnish a peak load that requires the capacity of certain pipes; that during the other 350 some days the property is not used and useful?

Well, if you will look into the question of serving gas, you will find that all the parts in the city have to be overcapacity, for those 12 days in the year. They have to be built that way.

Chairman Geiger: I don't know whether you want me to answer the question or not.

1302

[fol. 4030] Mr. Turner: I will be glad to have you answer the question.

Chairman Geiger: I have not been sworn.

Mr. Turner: It is part of the same argument.

Chairman Geiger: Right on that point: Is an unusual supply of gas required on an excessively cold day, controlled so much by the diameter of the pipe as it is by the pressure that is put behind the gas to send it through the pipe?

The Witness: Yes, sir.

Chairman Geiger: How?

The Witness: Yes, sir.

Chairman Geiger: Well, "Yes, sir",—which way?

The Witness: You say, "is it?" I say, "Yes, sir, it is," by the diameter of the pipe.

Chairman Geiger: Well, is it controlled more by the diameter of the pipe than it is by the pressure?

The Witness: Yes, sir.

Chairman Geiger: What is Boyle's Law, does Boyle's Law have anything to do with the amount of gas that will flow through a pipe under a given pressure?

The Witness: Yes, sir.

Chairman Geiger: How?

The Witness: That is the company could increase the outflow of gas from the same size pipe by merely increasing the pressure. That would not be a method of operation that would be adopted. They would not change the pressure continuously as the weather changed. They have to put down facilities in pipes that will allow the operation under the same pressure.

Mr. Turner: Will Your Honor permit——

1303

[fol. 4031] Chairman Geiger: Let me get just one more question; do you mean to say that under the modern operation of a gas plant that when the capacity of the pipe under the low pressure is not sufficient to carry the flow of gas required, that the remedy is to put in more pipe rather than to put on greater pressure?

The Witness: If the pipe has reached its actual capacity under that pressure——

Chairman Geiger: At a low pressure.

The Witness: Under a low pressure, a further and further demand is anticipated, yes; yes, that would be the remedy.

Chairman Geiger: What, putting on more pressure?

The Witness: No, putting in a larger pipe because they are operating under a standard pressure.

Mr. Turner: May I suggest to Your Honor that we are getting pressures mixed up here? We had pressure introduced in this case as the pressure at the city gates. There is no pressure changed as I understand it in the city.

Chairman Geiger: That is what I understand.

Mr. Turner: A customer does not get pressure, he gets volume, and in the city, we are not concerned so much with pressure. We are concerned with getting the pressure to the city gate, as I understand the proposition.

Chairman Geiger: Well——

Mr. Turner: (Continuing:) We will put some gas experts on for Your Honor.

Chairman Geiger: Well, he is a gas expert, let me ask him.

Mr. Turner: No, he is a valuation expert.

1304

[fol. 4032] Chairman Geiger: Well, he has valued something.

Mr. Turner: He is a valuation expert. It is a different thing.

Chairman Geiger: Do I understand your view to be that if there is a pipe of sufficient diameter to supply a demand under a given pressure which is, we will say of a higher temperature of the outside temperature, and then there comes a heavy demand for more gas up through the same pipe, that that demand can not be met by simply putting more pressure on that gas in order to send it through the same pipe?

The Witness: Yes, sir, for practical purposes. I do not mean that in theory you cannot increase your pressure to get more gas, the same way that you can increase your water pressure to get more water, but the same analogy holds true and if the water pipes are too small in diameter, they don't immediately increase the pressure and put the water through there at a very greatly increased pressure. They increase the size of the pipe.

Chairman Geiger: But water and gas are different. Gas is compressible under pressure and water is not.

The Witness: Yes, sir.

Chairman Geiger: Is that not so?

The Witness: Yes, sir.

Chairman Geiger: And gas is compressible under the Boyle Law at a certain ratio to the pressure?

The Witness: Yes, but you can't increase——

Chairman Geiger: Water does not compress at all?

The Witness: No, but I mean you can increase the volume, the flow of water by increasing the head.

1305

[fol. 4033] Chairman Geiger: All right, I think I see what you mean.

Do you know whether there are pumps within the limits of the city, this side of the gateway which permit the gas company to increase or decrease the pressure as the use of the gas rises and falls during different temperatures?

The Witness: Within certain limits, they have some of that equipment.

Chairman Geiger: Well now, if they have that, would you say that was over-capacity if they don't use it?

Mr. Turner: Now, wait a minute. May I ask a question at that point?

Chairman Geiger: Yes.

Mr. Turner: Where is this pump within the city limits that you have just answered Judge Geiger about?

The Witness: It was my——

Mr. Turner: No, just tell me where it is.

The Witness: I have no specific case——

Mr. Turner: Don't you know there was some equipment.

The Witness: No, I thought there was some equipment.

Mr. Turner: Well then, will you please answer the question?

Chairman Geiger: We will assume then there is none within the city limits, this side of the gateway, but there is one outside of the city that will serve the same purpose and make the additional pressure upon the pipes within the city as it is required by varying temperatures; would not that be the same thing?

Mr. Turner: Objection. There is no such evidence upon which the assumption is based.

1306

[fol. 4034] Chairman Geiger: Well, I said assuming that that is so.

Mr. Turner: We can not assume things out of the evidence of the case. I have been taught over thirty years the proper——

Mr. Butler: You have a pump out at your holder station.

Mr. Turner: Do we?

Chairman Geiger: So you have testified time and time again, that.

Mr. Turner: There has not been one single iota of testimony that there is any pressure pump in the city.

Chairman Geiger: I do not assume that.

Mr. Turner: Well, now, you are mixing up the supply on the outside.

Chairman Geiger: Well, I know—I know what I am trying to do, Mr. Turner.

Mr. Turner: And so do I.

Chairman Geiger: And we will pass from that to the other and you may cross-examine him on it, of course—or re-examine him. That is all right.

Mr. Butler: Mr. Wheeler——

Chairman Geiger: Wait just one moment. Mr. Turner is sufficiently provoked at me now. Let us not have it occur again, and finish while he is in that frame of mind.

Did you happen to read the decision of this company in the Bell Telephone Case?

The Witness: Yes, sir.

Chairman Geiger: You do not agree with it as to trained personnel or training personnel?

The Witness: As I recollect that element of it, I do not

1307

[fol. 4035] think so. I read it over rather hurriedly.

Chairman Geiger: Now, attaching business——

Mr. Turner: That will hurt his testimony, Your Honor? Will that go to hurt his testimony?

Chairman Geiger: Oh, no.

Mr. Turner: His answer to that, of legal examination?

Chairman Geiger: No, I just wanted to see and point out. Of course, you are at perfect liberty to point out where the Commission fell into error there in your judgment.

The Witness: I will not attempt to do so.

Chairman Geiger: How?

The Witness: I will not attempt to do so.

Chairman Geiger: Well now, you have attached business estimated amount $400,000.00, and you estimate that by the amount of gas consumed, six cents, I believe, per thousand cubic feet of natural gas consumed.

The Witness: Yes, sir.

Chairman Geiger: Do you or do you not agree with those other engineers who testified, that the right way to fix that is the number of customers?

The Witness: They use the customer as the unit.

Chairman Geiger: You use a thousand feet of gas?

The Witness: Yes, sir. I do not understand that they in their testimony contradict the fact that there might be any other unit?

Chairman Geiger: Oh, yes, we understand. On what page do you have a discussion through which you arrive at six cents—34 is it?

Mr. Butler: 33, isn't it?

1308

[fol. 4036] Commissioner Bricker: 35.

The Witness: 35.

Chairman Geiger: You say, "Considering the period as a whole and the amount of new business expenditures of 5.4 cents"—well——

The Witness: That is right.

Chairman Geiger: Well, it is point cipher five four—no, cipher five point four.

The Witness: Five decimal point four cents.

Chairman Geiger: That is five decimal point four cents?

The Witness: Yes, sir.

Chairman Geiger: "And 8.8 cents per added thousand cubic feet of gas consumed, it is reasonably conservative to consume six cents added thousand capacity feet is a moderate figure for the cost of attaching business as it existed at December 31, 1929."

How do you arrive at that "reasonable"—how did you estimate that that is reasonably conservative?

The Witness: The statement that it is reasonably conservative is a matter of judgment based on the prior figures, in the preceding two figures, and had actually cost 5.4 and 8.8 or an average of about 7 cents to attach the additional load. One person might think that you should use seven cents; that that would be conservative; another one might think that it ought to be five one-half. The statement that it is reasonably conservative is a matter of opinion and judgment.

Chairman Geiger: Well now, reverting to the number of consumers rather than thousand cubic feet, there are in the neighborhood of 60,000 consumers in Columbus. Would

1309

[fol. 4037] you think that the attachment of the first 30,000 we will say would be as expensive as six cents per thousand cubic feet?

A. That is an average. In the earlier years, it might have been less for the first consumption and the resistance might increase that figure.

Chairman Geiger: You are proceeding then, from your last statement upon the theory that you are going to be confronted with the same class of customers as existed when this business grew up and was established; that there is a sales resistance to be encountered on the reconstruction of this plant the same as existed 40 years ago, as the plant was gradually built and constructed and new business attached.

The Witness: I am assuming that that is to be reconstructed and that that value, that state of mind and that willingness to take the gas has to be reconstructed, and that the element of value inheres in the fact that there was a load of this 60,000 customers attached at the date certain;

that they would have to be reattached over a period of time and their sales resistance conquered.

Chairman Geiger: Well, now, I am glad to get somebody down to that point. Let me re-state it: Your judgment of attaching business is based upon your estimate that the state of the public mind has to be reconstructed?

The Witness: On the reproduction principle, absolutely.

Chairman Geiger? Absolutely. That we are to take and build this plant and furnish this to people who are just as ignorant of the use of gas as they were 40 years ago or during the progress of the business?

The Witness: On the reproduction theory.

1310

[fol. 4038] Chairman Geiger: Reproduction?

The Witness: I don't see how you can avoid assuming that you must reconstruct their condition of mind, otherwise, on an opposite theory, the more gas-minded they are the more ready they are to attach themselves, and the less value you have, so that if at the basic date everybody is awaiting to be attached and there would be no value to that condition at all.

Chairman Geiger: Well now, that is just I think where we have made the confusion. You are trying to fix the value of it?

The Witness: Yes, sir.

Chairman Geiger: Are you not?

The Witness: Yes, sir.

Chairman Geiger: What is it worth to the company, are you not?

The Witness: Yes, sir.

Chairman Geiger: And you are not trying to fix how much it would cost to reproduce it?

The Witness: Oh, yes, I am trying to arrive at the value under the theory of how much it would cost to reproduce it.

Chairman Geiger: But aren't you going along under the prudent investment theory, that in the past they have invested so much to instruct the public and therefore that is the value that the property is to the utility; that is the value of its going concern, what it costs to reproduce.

The Witness: No, sir.

Chairman Geiger: Or to produce?

The Witness: No, I am not trying to proceed on the prudent investment theory, but I am saying what it cost

1311

[fol. 4039] them to attach business as a measuring unit or yardstick to determine what that value is intangibly.

Chairman Geiger: Now, the statute says and the law, and the decisions, that we shall determine the reproduction value of the property with proper depreciation—of the physical property. Nowhere does it say that I can find that we shall attempt to reconstruct the mental attitude of anybody, much less the consumer. Now, where do you engineers find any authority for getting that into the rate base—to reconstruct somebody's brain?

Commissioner Bricker: It would not be much of a task in some cases.

Chairman Geiger: Well, it might be more difficult to construct in some, than in others. Where do you get that?

The Witness: The fact that the attached business represents some value is undoubtedly considered as self-evident. The amount of that value depends, in my opinion, on what it would cost fundamentally to reproduce it. The value of anything—one weighty factor—is its replacement cost. Any intangible element of value represented by the attached business can be measured best by what it would cost to reproduce it.

Chairman Geiger: That is all right. We will agree on that, what it will cost to reproduce it, but what are you going to reproduce; are you going to reproduce man's brains, man's experience? That is your theory that you have got to take these people, on your theory of reproduction, as a backward group who never heard of natural gas and are first having it introduced to their attention and that they

1312

[fol. 4040] must be educated to its use. Some people take the theory that you are to reproduce it under the conditions that existed on December 31, 1929, that everybody having that knowledge of natural gas will turn to it as an important thing to use.

The Witness: On that theory, if we are going to reproduce it, in an instant of time the fact of it is that then it has no value because it would cost nothing to reproduce their willingness to take.

Chairman Geiger: That is what we are talking about; some people do not think it is worth $400,000.00 because people are gas-minded. You don't agree with that?

The Witness: No, sir. It seems——

Chairman Geiger: All right. Just one more. I want to get another glance at this other figure here.

The Witness: Could I attempt to enlarge on that answer?

Chairman Geiger: Yes, indeed.

The Witness: It seems to me that the necessity of reproducing the intangible element is a parallel with some of the physical assets in existence at that instant of time; that if you assume that the gas mindedness or willingness to take, which considers the intangible element of attaching business, must be accepted as existing at that instant of time, then if you parallel that thought, you would have to assume that all physical conditions in the reproduction of the property were as they existed at that instant of time, and an example of that would be street paving. If you are going to assume intangible conditions exactly at an instant of time, then you would have to take street paving as it existed at the basic date, and in your physical cost of reproduction,

1313

[fol. 4041] you would be entitled to include all street paving because it existed at the basic instant of time. That has repeatedly been repudiated and it has been said that you could only—I believe by this Commission—reproduce the physical element of street paving as it historically existed possibly 20 years ago.

Chairman Geiger: Well, you then——

The Witness: I would say that there was a direct analogy and that you would have to reproduce the intangible element in the same manner that you are obliged to reproduce street paving.

Chairman Geiger: You do not mean now that people's minds are as static as street paving and somewhat in the form of blocks of street paving?

The Witness: Not at all. I am only attempting to give a parallel there that seems to support the idea that you have to reproduce intangible elements in the same way; that is all. It has been held that you could only reproduce street paving——

Chairman Geiger: Well, nevertheless, we get down to this; the view that you have, that in order to create the estimated cost of establishing the business, you must take the mind of the consumer as being uncultivated to the use of natural gas and unused to it and that you must cultivate them and persuade them to become users.

The Witness: Not to the extreme extent that you say, because in our unit of measurement, we have only used the expenses incurred by the company during the past two or three years. When those expenses were incurred, they were not incurred under conditions existing 30 or 40 years ago, when as you assume the minds of people were so that

1314

[fol. 4042] they had to be thoroughly educated up to it. The company in 1928 to 1929 spent a certain amount of money based on the gas-mindedness of the people as it then existed, and that amount has been used as a unit of measurement as to what it would cost to reproduce it. If we had the figures over a period of ten years, we would give them consideration the same way.

Chairman Geiger: What is the page you have those figures on?

Mr. Turner: 34.

Chairman Geiger: 34—no.

The Witness: 33.

Mr. Calland: Well, the figures are on 34.

Mr. Turner: The figures are at the bottom of 34.

Chairman Geiger: You start in to the year 1927, the average number of consumers 61,957, 1928, 60,498. That drop off there is due to some changes of meters?

The Witness: Yes that change is mentioned in the footnote.

Chairman Geiger: Yes, I understand.

The Witness: Due to a change in classification between consumers and meters.

Chairman Geiger: In 1929, it is 59,657—less than in 1927 and less than in 1928. What you mean to say is that due to the expenditure of money in those years to get increased gas consumption, that you should use this example and not increasing at all in those two years—rather decreasing in number of consumers—as a measure of the expense of getting the original 60,000 or 55,000 or any other number.

The Witness: I do not understand that there was any decrease there, Your Honor.

1315

[fol. 4043] Chairman Geiger: Decrease in number of consumers according to your table.

The Witness: No, but that decrease is due to a change in classification as mentioned—actually.

Chairman Geiger: Very well then, we will take Page 34. Before you began your rather heavy expenditure of money to increase consumption, you had in 1926, 5,555,052 thousand cubic feet.

The Witness: Pardon me, that wasn't added—that was the total load.

Chairman Geiger: That was the total?

The Witness: Yes, sir.

Chairman Geiger: 1927 you had less amount?

The Witness: Yes, sir.

Chairman Geiger: In 1928, you had about, I will say 50,000 thousand cubic feet more.

The Witness: Five hundred thousand.

Chairman Geiger: Well, five hundred thousand thousand cubic feet acre.

Mr. Turner: The figures speak for themselves.

Chairman Geiger: And in 1929, you had six million, seven hundred fifteen thousand, seven hundred sixty nine—

The Witness: An increase of 604,000.

Chairman Geiger: Would you say the cost of increasing it from what it was in 1927 to what it was in 1929 would be a measure of what it would cost to produce the lower registers of consumption up to the year 1926?

The Witness: Not necessarily. The measure there might be less for that load; it might conceivably be greater.

1316

[fol. 4044] Chairman Geiger: Well, isn't it the natural thing to conceive the fact that as you have reached near the crest of your consumption, that any push or drive to increase it still further is more expensive, because you have exhausted the field of consumers and are now reaching out into either different uses or after consumers who are harder to get?

The Witness: In principle, yes.

Chairman Geiger: All right, I think that is all. Would you like a recess now?

Mr. Butler: Yes, if you please.

(At this point a short recess is taken.)

Chairman Geiger: All right, now, of course, Mr. Turner, if you wish to call his attention to any other matters in reference to what I have asked him, why it might be all right to put it right in here so that they are run together in the record.

Redirect examination.

By Mr. Turner:

Q. Mr. Wheeler, as I understand you, your figures and estimates and valuation made and given in your evidence here and in Exhibit Number 63, are based solely upon the reproduction cost theory, are they not?

A. Yes, sir.

Mr. Turner: That is all.

1317

[fol. 4045] Recross-examination.

By Mr. Butler:

Q. Mr. Wheeler, aren't you about ready to accept Doctor Dewing's statement that the value of an attached and trained personnel is a little too illusive to be put into dollars and cents?

A. I am right ready to accept his statement that it has an undoubted value, but that it is difficult to reduce to tangible figures. He stated that on the basis of his knowledge in this case that he had no definite information as to the number of personnel, their training, their experience, their salaries, and that he recognized it was a difficult element of value to which to attach a definite amount. It is. There is no question about that. But it has a value and you must have some amount of that value.

Q. Must have?

A. If it is a value, there is some amount to the value. I have attempted to estimate that value.

Q. Well, now, that simple little question—don't you think that it is too illusive to be put into dollars?

A. No, sir, or otherwise, I would not have attempted to do so.

Q. And isn't that true of the adjustment of physical property?

A. No, sir, it is not too illusive to attempt to estimate.

Q. Mr. Wheeler, have the historical facts anything to do with interest or return unearned during business development period; that is does it matter to you in making an estimate whether the company did actually get a return at all times or for the greater part of the time during which you here estimate they would not get a proper return?

1318

[fol. 4046] A. In the initial years of their operation, absolutely. If they operate the facilities so that they get a normal utilization out of them, there would not be any element such as is there referred to.

Q. You mean the normal utilization; I am talking about the interest return, a proper interest return.

A. Do I understand——

Q. Suppose I told you that this company as a matter of fact did get a full and complete interest return from the very beginning; suppose I put it still another way, that it got a full and complete interest return after the first year. Would that affect what you have stated here?

A. No, without knowing certain other figures. It might be that if they got a full interest return, but their utilization was still increasing year by year, that their rate was too high in the first year. I would have to know the other factors, as well as the mere return on which they were received.

Q. Well, suppose they got a complete return, actually received it?

A. It would not affect the rate basis in late years on the reproduction principle.

Q. When did you first use this method of estimating interest or return unearned during business development period?

A. Do you refer to myself personally?

Q. I refer to you?

A. I used that first in the development of this element of value in The Ohio Fuel Gas Company case, I believe first.

Q. Oh, there is no "belief" about it; you surely know where you first used it, the first time?

A. I am not sure whether that report was prepared prior to the Dayton Power & Light Company or thereafter.

1319

[fol. 4047] Q. Has that case been heard yet?

A. The Ohio Fuel Gas Company?

Q. Yes.

A. No, sir, not so far as I know.

Q. Did you use it in the Dayton case?

A. Yes, sir.

Q. In your attaching business, on your pages 33, 34, 35, of your Exhibit Number 63, what difference would arise, if any, if you made your computation on the basis of additional consumers, rather than on the extra amount of gas used.

A. I would have to make that to determine as I haven't made it on that basis. I have not computed it and I would have to take into account the corrections mentioned at the bottom of Page 33 for the difference in Classification of consumers, and ascertain what the new business expenditures represented per consumer and get the factor in that method. I have not done it. I do not know whether it would make any difference or whether it would be greater or less.

Q. Well, you can make that for us, can't you?

A. Yes, sir.

Q. Rather quickly. May we have it? That will not detain you from leaving this evening?

A. Not at all.

Q. If you are proposing to leave?

A. Not at all.

1451

[fol. 4048] JAMES P. STRICKLER further testified:

Mr. Turner:

Q. Did you build this line originally to supply 12 or 15 customers?

A. No, sir.

Q. Well, how many customers was it built to supply originally?

A. Oh, I should say approximately 20,000.

Q. And how soon were 20,000 attached to the line?

A. Well, it took a number of years.

1935

[fol. 4049] C. I. WEAVER further testified:

Q. Now, take up the question of the division of operation and split that up and tell us about what goes into it, the personnel and the equipment.

A. Well, in the matter of keeping the service on, of course, comes first of all the selection of the personnel;

it is not every person who is qualified by nature to be a good public utility operator. The first qualification perhaps of a public utility operator is that he should be conscientious and should like to do things for other people; should have the spirit of service; and the first job is to see that the personnel have that spirit.

The second job of operation is to see that there is satisfactory equipment.

Q. Before you leave the personnel, after you have selected them do you have to train them?

A. Very, very much so. The big problem of the utility business is, of course, the human one; that goes through every branch of operation, the matter of keeping the service on, the question of financial success, and the question of good public relations. The training of the personnel is not only an important thing but has to be continually performed over and over again, daily, and one of the very most important things about that phase of the business is to establish lines of contact from the last man in the organization and the place where the plans are created. The freedom of contact in the organization promotes the work not only of every man but the intelligence and spirit and energy which he has, and that perhaps is the most im-

1936

[fol. 4050] portant in my judgment, in reference to selecting and training personnel.

Q. What do you call the control of personnel; have you described it already?

A. Only in a measure; the thing we call control is after the plans are laid and after the organization is constructed to see that the organization performs those functions at the time and in the manner that is best suited to the problem, whatever it may be.

Q. What do you say as to whether a trained personnel is a thing of value to a public utility?

A. Well, in my judgment, a trained personnel makes all the difference between success and failure of a public utility.

Q. Well, has it a value to the public utility?

A. There is no question about it.

Q. No question about what? Answer yes or no.

A. Oh, yes, it has a very distinct value.

3607

[fol. 4051] H. R. ALLENSWORTH further testified:

Q. Now, in making your appraisal of The Columbus Gas & Fuel Company as of the date certain, have you recognized going concern value?

A. Yes, sir.

Mr. Turner: May we ask where so we will know?

Q. Will you please explain in what way you have recognized it?

A. I recognize going concern value in applying reproduction cost units to inventory quantities, adding thereto, undistributed construction costs, or construction overhead charges as they are sometimes designated. If this property were not a going concern as of December 31, 1929, the date certain of the appraisal I have made, reproduc-

3608

[fol. 4052] tion cost less accrued depreciation would not yield value.

Mr. Turner: Mr. Huffman, in view of what answer you can see how badly we need this breakdown of the unit prices.

Mr. Huffman: No, I don't see that, Mr. Turner.

Mr. Turner: Well, we want the analysis of it.

Q. Then, Mr. Allensworth, you have evaluated live units as distinguished from bare bones so-called?

A. Yes, sir.

Q. Have you any knowledge that this company did not earn interest for return during the business development period?

A. No.

Q. Have you included anything here for trained personnel?

A. No, I haven't.

Q. Will you explain why you have not?

A. Trained personnel so-called, if any expense has been incurred by this company it has been absorbed as operating expense. If any expense is being incurred during the year 1929, it is included in operating expense. In other words, if there is any expense of that kind, it is in no sense a sacrifice on the part of the stockholders, and the capitalizing of alleged trained personnel in my opinion has no proper place in a rate base valuation.

Mr. Turner: Motion to strike.

Commissioner Geiger: Overruled.

Mr. Turner: Exception.

Mr. Huffman: I think anyone can testify relative to going concern value.

Mr. Turner: I accept your explanation.

Commissioner Bricker: Well, we have heard all kinds of testimony on it.

3609

[fol. 4053] Mr. Huffman: I think we have before we got to our part of the case.

Commissioner Bricker: In this and every case.

Q. Have you allowed anything for attaching business?

A. No, sir, for the reason that attaching business is an every day operating consideration. Business is attached in the orderly operation of the business and all expense incident thereto is absorbed as operating expense. Therefore, including anything for attaching business of this company would be nothing more than capitalizing operating expenses.

By Commissioner Geiger:

Q. Mr. Allensworth, while we are on that very interesting subject, do you, in your estimation of the value of the property concede that there is an element of going concern value?

A. Yes, sir.

Q. Now, just what do you think is covered by going concern value; what is the foundation for going concern value in your judgment?

A. The appraisement of the property as a live, going property, which I have done in applying my reproduction cost against the inventory quantities. Beyond that there is no going concern value attaching to this property as a separate, distinct consideration from reproduction cost.

Q. You don't agree with the oft repeated illustration that the bare bones of the company is one amount and the going concern or the going value of it is another amount?

A. Yes, I do.

Q. There is a difference between the two?

A. Yes; and the difference would be the difference between junk value and reproduction cost less depreciation value. The bare bones of this property with no business

attached, the value would be worthless for it would cost
3610
[fol. 4054] more to reclaim than the junk value would amount to.

Q. In other words, as I understand your view of the appraisement, that, as you appraise the property you appraise it as a part of a going concern?

A. Exactly, Your Honor.

Q. And you give it a higher value than you would have given it as junk, of course?

A. Yes, sir.

Q. And, therefore, there is no occasion to add an additional going concern value because it is already in; is that right?

A. No occasion to add additional value to my reproduction cost new less depreciation, no, sir.

[fol. 4055] Q. Then let me ask you this, Mr. Allensworth, because it is rather uncertain in my mind. You have taken, in your Exhibit No. 59, practically the same figures that the company has taken as to inventory of all property; you have not re-inventoried their property?

A. Yes, I have re-inventoried the property, but the resultant figures are approximately the same.

Q. So you have no dispute with the company's engineers in the amount of property?

A. No serious difference, no, sir.

Q. So the value——

A. Pardon me; in that connection I think all of the inventory corrections that were made in my reproduction cost are agreed to by the company, so I don't think there is any dispute.

Q. That is very good. Then the value of the property which you have set out under reproduction cost new property used and useful is substantially the valuation of the company with the exception of a few differences that you have testified to?

A. As to reproduction cost new, yes, sir.

3611
[fol. 4056] Q. Now, your view of it is that adopting as you have in many of these items the cost of reproduction new as furnished you by the company, that the company did not consider the fact that in those reproduction costs new that they were considering articles therein contained and enum-

erated as part of the going concern; they omitted that in your judgment, in your analysis of their inventory and appraisement?

A. No; I don't know that I exactly understand the question, Your Honor.

Q. Well, let me put it this way: The company in its appraisement gave an inventory and an appraisement to which you ascribed in substance?

A. No, not in substance, in a very small part.

Q. The inventory?

A. Just the inventory.

Chairman Hopple: Not the appraisement.

The Witness: I did not ascribe to the company's reproduction costs. There are certain acceptances on the part of counsel of the company's reproduction cost which is a very small part of the total.

Mr. Turner: That is one of the reasons that I am objecting to the answers.

Commissioner Geiger: My understanding was that you had with the comparatively few exceptions that you have enumerated, you have accepted not only their inventory but their appraisement.

The Witness: No, sir.

Commissioner Geiger: All right. Then I may not pursue that question further.

By Mr. Huffman:

Q. Mr. Allensworth, one of the witnesses for the company, I believe, testified to the effect that he

[fol. 4057] By Mr. Huffman:

Q. Mr. Allensworth, one of the witness for the company, I believe, testified to the effect that he had considered in

3612

[fol. 4058] fixing going concern value, the possible reconstruction of the minds of the consumer. Have you given any consideration to that subject?

A. No, I consider any such contention absurd.

Q. What, in your opinion would be the situation in Columbus as of December, 1929, if we could imagine this plant obliterated and a necessity for reconstruction immediately before us?

A. The demand for gas on the part of the public would be greater than the ability of the company to supply immediately.

Q. In your opinion the customers then would all be back demanding gas, and it would cost little or nothing for the company to secure their permission to be re-attached; is that correct?

A. Yes, sir.

Q. Well, have you allowed anything for the adjustment of physical property, seasoning?

A. No.

Q. Or adaptation?

A. No, I haven't, for the reason that adaptation, solidification and seasoning are operating expense, not capital charges. They involve no sacrifice whatever on the part of the owners of the property; they represent no additional investment or capital outlay, and no permanent improvements. They are primarily maintenance charges, and their benefit is wholly incidental. These charges differ little from ordinary repair costs; they must be paid for from revenue the same as worn out pipes, and cannot properly be given a place as capital in the valuation of property.

May I direct attention to the fact that to allow such charges to be capitalized for rate making, would force the public to pay the sum so charged as operating expenses,

3613

[fol. 4059] then pay a return on it as capital charge, and finally pay the principal again by way of allowance for depreciation.

Mr. Turner: Motion to strike out the argument.

The Witness: Approval of any such valuation would merely legalize one method of watering the capital of the company.

Mr. Turner: Motion to strike out the argument.

Commissioner Geiger: Well, that is an expression of an expert opinion. The motion is overruled and exceptions noted.

Mr. Turner: Note an exception.

Q. Have you included anything for solidification?

A. No, for reasons just discussed, and for the same reasons.

By Commissioner Geiger:

Q. Well, Mr. Allensworth, in just a brief moment, do you think as an engineer that there is such a thing as a seasoning of the plant?

A. No, there is not. There are necessary minor adjustments of the equipment after it is put into use, but that routine matter is absorbed as operating expense as it should be.

Q. But you would say then that in your judgment there is not a general cost or expense or permitting the entire plant to become seasoned for use after construction?

A. No. May I discuss that for you, Your Honor, please, just a moment? This whole absurd theory of adaptation and solidification and seasoning grows out of the maze that was given birth to in the Minnesota Railroad rate cases, in which cases the railroad companies contended very vociferously that cost of the right-of-way of the railroad was not the reproduction cost because they stated that after the rails were laid that they had to send track walkers and crews up and down to readjust the ballast and take care of the seasoning, and because of the fact that this railroad

3614

[fol. 4060] had been in active operation for about 25 years that this right-of-way was really worth more than the reproduction cost. Now, it is a far stretch of imagination to apply it to the mains of The Columbus Gas & Fuel Company located in the City of Columbus, Ohio. It just don't happen; it never did happen and it is not going to happen.

Mr. Turner: Oh, boy.

Commissioner Geiger: All right, the next question.

Q. Have you allowed anything for the establishment of operating records, forms and the development of methods and operating procedure?

A. No, for the reason that that is properly an operating expense, and I don't believe that operating expenses should be capitalized in the determination of a value for rate making purposes.

Q. Those are all absorbed in operating as the company goes along?

A. They are.

Q. Have you included anything for the abandonment of property prior to proper amortization?

A. No.

Q. Will you tell us why?

A. For the reason that that is properly charged against surplus, and the rules of this Commission so require that accounting.

Q. Have you considered that anything should be included for refinement of methods in operating procedure?

A. No; first for the reason that my acquaintanceship with the company does not indicate that there is any refinement of procedure beyond what one would expect in any well managed public utility, and secondly if there is any such refinement, it has been acquired as an operating charge, and again operating charges should not be capitalized for determining value for rate making.

3615

[fol. 4061] Q. Do you consider that the Columbus Gas & Fuel Company as of the date certain possessed a virtual monopoly?

A. Yes.

Mr. Turner: Objection.

Commissioner Geiger: I don't see that that has anything to do with reproduction value, has it? Objection sustained.

Commissioner Bricker: Whether or not this is a virtual monopoly is ascertained from all the facts.

Mr. Turner: The ordinance we are appealing from applies to any company.

Q. Well, were we to assume that a monopoly existed on December 31, 1929, in connection with this company, would that have any effect upon the consideration of the so-called going concern value?

Mr. Turner: Objection.

Commissioner Geiger: I think Mr. Turner, your objection is good were it not for the fact that it runs in my mind that your own witnesses testified that there was a value due to the monopolistic character of the business.

Mr. Turner: I don't think so, but I might be in error.

Mr. Huffman: I think they testified as to competition and so forth from other sources, and perhaps attempted to show there was no monopoly; but that subject was dealt with and gone into by the company in its part of the case.

Mr. Turner: No, sir. There was some cross-examination

of the witnesses here on the value of the Ohio Fuel Gas Company; there was something asked about that. There was nothing of that sort, so far as I can recall, in the testimony of the Columbus Gas & Fuel Company.

Commissioner Bricker: In the Ford, Bacon & Davis ex-

3616

[fol. 4062] hibit on going concern value, as I remember it, the fourth basis for that claimed value was a consolidation value.

Mr. Turner: That was the Ohio Fuel Gas.

Commissioner: I know; but did that not include the Columbus Gas & Fuel Company?

Mr. Turner: No, it doesn't own the Columbus Gas & Fuel.

Commissioner Bricker: I thought they went into the whole problem of the production, transmission and distribution.

Mr. Turner: Of the Ohio Fuel Gas Company; but it ended at the city gates here where they sold to these other companies.

Commissioner Bricker: All right.

Mr. Butler: But whatever the fact may be, in the one place they are contending for a monopoly and its benefits, and now they object to any mention of it.

Commissioner Geiger: Well, aren't we wasting time, because the statute says no added value shall be given because it is a monopoly.

Mr. Huffman: Yes, that is true; that is a provision of our statute.

Commissioner Bricker: Are we wrong about it?

Mr. Turner: I think you are as to the Columbus case.

Mr. Huffman: If the Commission places its ruling on that ground I am quite sure it would be useless for the city to proceed along that line of questioning.

By Mr. Huffman:

Q. Mr. Allensworth, what effect should past experience of the company be given in the treatment of going concern value?

A. Past experience in what respect, Mr. Huffman?

3617

[fol. 4063] Q. Well, as to the historic facts concerning how various items and accounts were taken care of; whether

they were capitalized or how they were treated by the company itself.

A. Unless it can be proved that the owners of the property have through the years experienced a real sacrifice to themselves as owners for these many things that you are inquiring about; and that is an additional reason why they should not be considered as a part of going concern value, aside from the economic unjustness of capitalizing operating expenses in a rate basis value. For example, you asked me a few moments ago about whether I made a separate allowance in my valuation for trained personnel. So far as I have been able to discover, the Columbus Gas & Fuel Company has no payroll, and indirectly then it has no employees.

Q. Who takes care of the Columbus Gas & Fuel Company's payrolls?

A. The Ohio Fuel Gas Company pays the employees and the bill is rendered to the Columbus Gas & Fuel Company.

Q. Then you would take into consideration in the treatment of this subject, financial sacrifice on the part of the owners or investors?

A. Yes.

[fol. 4064] Q. Well now, you stated, I believe, a little while ago, that you had made no separate allowance for going concern value, although you had recognized such?

A. That was correct.

Q. In your opinion as an engineer is any separate allowance necessary in connection with this property?

A. No, sir.

Q. Why is it not necessary?

A. For reasons I have already stated; that is that applying reproduction cost units to inventory quantities and deducting therefrom only accrued depreciations, adding to the reproduction cost new proper allowance for undistrib-

3618

uted construction expenditures ordinarily designated as construction overheads, and adding thereto an ample allowance for working capital, that produces a reproduction cost of the property as a going concern, that if the property was not a going concern the reproduction cost appraisal would not yield value.

Q. In other words the value which you have found for this plant as of the date certain is not less than its value as a going concern without a separate allowance?

A. That is correct.

3627

[fol. 4065] By Mr. Butler:

Q. In that No. 60, Mr. Allensworth, where you speak of Allensworth's reproduction cost and Allensworth's repro-

3628

duction cost new less depreciation, there are certain places where you have in your column no amount at all, simply a hyphen or a dash. That means that you disallowed that amount entirely, that subject?

A. Yes.

By Mr. Huffman:

Q. That is true as to going concern value, is it not?

A. Yes, sir.

4144

[fol. 4066] Cross-examination:

Q. All right now. What is the amount in dollars and cents that you have allowed for going concern value?

A. I have made no computation of the dollars and cents amount of going concern value.

Q. How have you allowed it?

A. I have allowed it by applying to the corrected inventory quantities of the company reproduction as of December 31, 1929.

Q. Do you understand the term "bare bones" to mean the cost of reproduction new less observed depreciation?

A. No, I have no understanding of bare bones, because the term is used differently in practically all of the uses that I have heard made of that term in relation to the valuation of public utility properties.

Q. I am trying to get at, Mr. Allensworth, what you meant by bare bones when the question was asked of you in chief.

A. Oh, I was referring to the interpretation of that term which would mean a property devoid of business activity.

Q. Well, what association had it, if any, with junk value?

A. I don't know that there is any direct relation except-

ing that I stated and I believed—I stated in my direct examination and I believed that if this property were not located in a city that had a population—if the population

4145

[fol. 4067] of that city was not purchasing gas—if they were not paying something for gas—if the company hadn't an organization to operate its business—the value of the property probably would be even less than junk.

Q. Even less than junk?

A. Yes, it would cost too much to get it out and move it and make use of it.

Q. So far as I am able to understand your thought and testimony, your testimony—we will put it that way—on the subject of going concern is that when you have applied your reproduction cost against inventories you have valued going concern?

A. Yes.

Q. And that beyond that there is no going concern?

A. Limited to my reproduction cost of this particular property. I don't know whether there might be some additional factor or some deduction factor in some other property. It has been my experience that I have encountered going concern value as a negative factor.

Q. If it should develop that the company's labor performance is substantiated by comparison with and checks made on every job of similar work that has taken place in the city of Columbus during the years 1930 and so far in 1931, would you still contend that your labor performance was the more accurate?

A. What jobs are you referring to?

(Question read)

A. Yes, sir.

Q. What do you understand to be the elements of going concern value?

A. The difference between——

Q. No, no. That is what it is. I want the elements. That is how you get the amount of it. You are a chemist you say. Give me the elements of going concern value.

4146

[fol. 4068] A. The elements of going concern value?

Q. Yes, you ought to know what the word "elements" means?

A. Elements in relation to going concern value would perhaps have a different meaning from the elements of something else.

Q. Now, let us have the elements of going concern value.

A. Now, if I may answer that question——

Q. You may.

A. The going concern value as I understand it would be the difference between the value——

Q. I don't want that. I want the elements.

A. May I be permitted to give you the elements?

Q. You may.

A. Without your dictating the words in which I state the elements? Then I resume where I was before being interrupted, it is my understanding——

Q. There is only one of them. They only come one in a package.

A. That going concern value as related to public utility properties is the value of a public utility property as a going concern, as distinguished from one which has no life, no business, and is not in business. The elements that make up going concern then are the elements that make up an operating business.

4148

[fol. 4069] Q. How is your reproduction cost built, upon historical costs or not?

A. My reproduction cost is erected on inventory quantities as of December 31st, 1929. Labor and material prices prevailing as of that date.

Q. Then where in your operating expenses have you provided for adaption, solidification and seasoning of the property?

A. If any were incurred in 1929 it would be reflected in the company's operating expenses.

Q. I am not talking about 1929. I am talking about your reproduction costs or your allowance for expenses. Well, I beg your pardon, Mr. Turner. You have not asked me that question yet. There is no such allowance in my repro-

4149

[fol. 4070] duction cost. If you are asking me if there is an allowance in my reproduction cost for adaption and solidification, there is none, as I very clearly stated in my direct examination.

Q. I grant you very well stated that, jolly well. So I won't proceed further.

(No reply.)

Q. Mr. Allensworth, I think I have asked you and you have answered. My question was, have you made any specific allowances in your unit costs for going concern value, and you have answered in substance no; is that correct?

A. Correct.

Q. Now, just a few more questions on this subject, and then I am through with it. You have not provided in your operating expenses for absorbing any cost of attaching business, have you?

A. Yes.

Q. Where?

A. In the operating expenses of the company of 1929 there is included therein any cost incurred in 1929 in the attaching of business.

Q. Is it your understanding of the set up of an income and operating expenses statement that you are limited, or the company is limited either, to what has historically taken place within that company during a particular year?

A. Not necessarily so, no, Mr. Turner.

Q. It is rather theoretical, is it not?

A. No, I did not refer to theorotical assumption. One year's operation of the company, if accepted, should be a typical year, and if not typical, an adjustment of those accounts should be made to render it typical or in some cases it is found to be expedient to inquire over a period of more that a year. It all depends on the case and the circumstances surrounding the case.

4150

[fols. 4071 & 4072] Q. It ought to be fair to both sides, ought it not?

A. It should be, yes, sir.

Q. Now, where in your operating expenses have you allowed for the establishment of operating records? Any place?

A. Those costs to the amount that such costs were incurred during the year 1929, are reflected in the company's operating costs for that year.

Q. And limited to that?

A. Yes.

Q. Where in your operating expenses have you allowed anything for the abandonment of property prior to proper amortization?

A. That would not be charged against operating expenses.

Q. Where have you allowed for it at all?

A. The accounting rules of the Commission would require that that be made a charge against surplus. There were apparently no such charges or experience of the company during the year 1929.

[fol. 4073] Cost of Financing

The Columbus Gas and Fuel Company

440

[fol. 4074] L. E. WELKER further testified:

Q. And of course you have not included any cost of financing?

A. I have not included in Exhibit 2 any cost of financing.

462

[fol. 4075] Mr. Butler: If I understand, you have already put in a rate base, Mr. Turner?

Mr. Turner: Yes, sir.

Mr. Butler: Well now, do you intend that the cost of financing shall be added to that or have you taken care of that?

Mr. Turner: Now I will explain that to you, Mr. Butler. I attempted to do that in my opening statement. In my opening statement I called attention to the fact that we considered cost of financing a proper expenditure, but that we were, in deference to the former rulings of the Commission, leaving that out. But that we would introduce evidence, and if the Commission changed its mind, it could be added. None of our calculations of the rate base are based upon any value outside of the values Mr. Welker has testified to. I mean by that the items of value, Mr. Butler. I will say to you that there is no cost of financing in our rate base.

Mr. Butler: Do you concede that the Commission may proceed to a determination in this case without taking in the cost of financing.

Mr. Turner: No, I do not. I will introduce evidence on that, but our exhibits do not have it. What is the use of my going through the motions of making all of our exhibits upon a theory that has not been adopted by the Commission. I did the same thing with cutting pavement, Mr. Butler. Cutting paving is to my notion a part of repro-

463

[fol. 4076] duction cost new, that is, the cutting of paving every place. But this Commission having disallowed it, and the courts having disallowed those items, we promptly introduced another exhibit, saving our question, with cost of cutting only where the cutting was actually done.

Now, the same thing is true with these other items. We have tried to comply with the Commission's ruling heretofore and we have made up an exhibit that contains no cost of financing. All of our exhibits have omitted that, but notwithstanding the omission in our exhibits I expect to offer some evidence.

Mr. Butler: Mr. Turner, I think I am beginning to get it clear and that is all I want. If the Commission eventually fixes a rate which would be changed, if cost of financing were included, you would say they committed error.

Mr. Turner: Cost of financing included?

Chairman Geiger: Excluded.

Mr. Turner: Yes, I would claim it should be in there unless the rate were satisfactory to the company.

Mr. Butler: To put it differently, you would insist that the Commission had erred if it had not given you a rate based upon the inclusion of the cost of financing.

Mr. Turner: I would rather put it this way, that I would consider that I had the right to except to that.

Mr. Butler: And that is true of going concern, too?

Mr. Turner: Oh, I have got going concern in there.

Mr. Butler: But I say it is the same principle.

Mr. Turner: It is the same principle exactly, only this Commission has said in so many words, as I took it, that

464

[fol. 4077] they would not allow cost of financing, so why gum up the exhibits with those figures. They have said—whether it is lip service or not—and I do not take it to be such—I take it to be their honest judgment that they do allow for going concern value; and they have said as to

going concern value that their trouble is finding a method of getting at it. And I am going to try to elicit it if I can through some experts.

1051

[fol. 4078] ARTHUR S. DEWING further testified:

Q. I want to direct your attention to cost of financing, and I wish that you would explain the theory underlying the cost of financing and the difference, if any, that there is between the cost of financing and bond discount or interest during construction. I am giving you a lead. Go ahead, if you please.

A. As I understand, if you please, bond discount arises from the fact that business has bought its money at a coupon rate less than its credit entitled it to. That is, suppose the credit of the company, let's say, is on a six per cent. basis. The company could sell conceivably seven per cent. bonds at a premium or five per cent. bonds at some discount or four per cent. bonds at a still further discount. And if they sold the five per cent. bonds at a discount, the difference between the selling price of the bond and par would represent a charge which would have to be allocated during the life of the bonds as an increment of the interest rate of five per cent. Similarly if they sold a seven per cent. bond at a premium, that premium would be written off over the period of the life of the bonds. In other words, it seems to me that bond discount or bond premium is merely a function of the rate of interest and dependent entirely on the option of the company as to what they desire to have the coupon rate on the securities to be.

On the other hand, cost of financing arises on an entirely different basis. No investor, no investor, comes voluntarily to a business man and says, "You are going to go into business; take my money and use it." It is always a result of a trade and a matter of negotiation, in which for

1052

[fol. 4079] a large enterprise small amounts of capital have to be gathered from many sources. Now the gathering of the money from those many sources represents a cost which the business must bear in the same manner for example that the gathering of different types of iron ores from different localities represents to cost; in other words,

a cost which is inevitably a part of the total cost of getting the property together, and has nothing whatsoever to do with the discount or the premium at which the securities may be sold.

By Commissioner Bricker:

Q. On that basis then would you conclude that the cost of financing ought to be capitalized as a part of the base?

A. As part of the intangible going value; in other words, a million dollars gathered together and dedicated to a business purpose has for that business purpose greater value than a million dollars scattered all over the country in small hoards of thousands of individual investors.

Q. But your bond discount is a carrying charge and should be considered as a matter of expense.

A. A matter amortized over the period of the life of the bonds, just the same as the premium should be written off over the life of the bonds in case the bonds are sold at a premium. It is an increment to or a subtraction from the annual cost of the money.

Q. In your judgment could a utility, costing approximately five million dollars or more, be constructed if it depended upon the investment of a few persons who became interested in it and invested only their own money?

A. I should doubt it.

Q. In your judgment what would be the cost of financing

1053

[fol. 4080] such a utility as The Columbus Gas & Fuel Company?

A. I have thought of that considerably, and I should estimate it at about four per cent. of the money obtained.

1055

[fol. 4081] Cross-examination.

By Mr. Butler:

Q. In this matter if financing, Doctor, you say that the cost of financing is four per cent. fairly?

A. Yes, sir. I estimate it. That is an estimate, Mr. Butler. All these things are estimates.

Q. Do you mean four per cent. on the total cost of the plant or on a part of the cost?

A. On the amount of money that must be got together to put the thing in operation, in other words, to bring the

baby into existence. If, for instance, it costs $4,000,000.00, that would mean four per cent on that $4,000,000.00, or five million, or whatever it is.

1056

[fol. 4082]. Q. Are you estimating your four per cent. on the amount that would be presented by the proceeds of a bond issue?

A. Yes, sir.

Q. What per cent., what normal per cent., of the total cost would you say ought to be represented by the bonds?

A. I did not get that.

Q. What per cent. of the total cost would normally be represented by bonds?

A. That is a matter of policy. I have always contended that sound financing would involve not more than 50 per cent. of the property in bonds, but custom in this country has exceeded that many, many times. But I think a policy of 50 per cent. bonds and 50 per cent. stock is sound finance.

Q. Well, now, you do not attach any cost except in the way you have described to the portion raised by a bond issue? Your bond discount you do not charge to capital?

A. No, sir, not the bond discount so far as that discount represents the sale of bonds at a lower coupon rate than the credit of the enterprise justifies. But in addition to that there would be a four per cent. cost attached to that portion represented by the bonds?

A. Represented by the bonds or the stock. It is immaterial whether the money obtained literally from the byways is represented by a stock certificate or a bond certificate. The capital has to be brought together. Somebody has to go to the expense of inducing Mr. Jones and Mr. Smith and Mr. Brown to believe that this is a wise investment, and it is in competition with thousands of other investments already in existence and prospective investments. And Mr. Jones and Mr. Brown have to be induced.

1057

[fol. 4083] to believe, to be persuaded, that this is a good avenue, a good vehicle, for the investment of their money. And it costs the sponsors of the enterprise something to undertake that series of persuasions.

Q. But, Dr. Dewing, assume that the natural gas plant costs five million dollars and it is financed by two and one half millions substantially in bonds?

A. Yes.

Q. And two and one half million in stock. Now, when you sell your two and one half million of bonds, you have suffered a discount, and you take care of that in the way stated. Now, do I understand you to say that in addition to that bond discount which you do not pass to capital account, to fair value, there should, however, be an additional charge against it?

A. I think I can answer that by taking an illustration. Suppose by virtue of the judgment of investors the bond credit of the natural gas company is on a five per cent. basis. By that I would infer that Jones and Smith and Brown, Roe and Doe, will buy the bonds of this company, five per cent. bonds, at par, in which case there would be no bond discount or no bond premium. But Brown and Jones and Roe and Doe have got to be induced to make that five per cent. investment. Somebody has got to solicit them so to do. True, the bonds are worth a five per cent. basis, and they will compare favorably with other bonds selling on a five per cent. basis. So there need be neither a bond discount or on the other hand a bond premium. But the individual investor has got to be induced by somebody, he has got to be sold the idea, in other words, of putting his funds into this particular enterprise. Now somebody has got to do that. As we have organized our financial ways and means, the underwriting syndicate or the invest-

1058

[fol. 4084] ment bankers do that sort of thing. In specific figures the difference is usually crystallized into the difference between the price at which the underwriter pays for the bonds and the price at which the public pays for the bonds. In a general way that is the approximation. It represents the cost involved on the part of the investment banker, his syndicate members, his bond salesmen, his accountants in his central office, to gather together these funds from the myriad small investors.

Q. That myriad of small investors I understand theoretically, but I do not understand where this five million dollar enterprise in respect to a bond issue connects us so far as the company is concerned with that myriad of small investors. I lose the connection. That is my fault and not yours no doubt.

A. But where, Mr. Butler, does this money come from?

Q. For the moment I have been interested in determin-

ing where it goes. Now, Doctor, don't let me interrupt you. You feel free to explain whenever you want to. But now, if I understand you, and that is what I am trying to do rather than to urge any theory I have——

A. I will do the best I can.

Q. Yes. Now, if I understand you, this two and one half million of bonds may be sold to the investors at 95?

A. Yes.

Q. Now, that five you take care of—those five points—in the way you have described. But in addition to that—that is, the difference between your bonds from 95 to a hundred—but now in addition to that there are four points of expense or four per cent.

A. In other words, to be perhaps specific, the underwriters would pay the company 91 for the bonds, and they would sell them to the public for 95. Now, that five points should be amortized over the life of the bonds. The first

1059

[fol. 4085] four points represent an actual cost incurred by the underwriters literally as agents for the corporation in gathering together the funds necessary as far as the bonds are concerned, to gather their two and one half millions in money.

Q. Doctor, if I were the company and you were the syndicate, and you would simply agree to take my bonds at 91, wouldn't you?

A. If I was the syndicate and you were the company?

A. Yes, sir. Yes, sir, that is correct.

Q. Now, upon what theory, upon what theory of law—that is probably not quite fair to you?

A. Yes.

Q. So I will leave it general?

A. Yes, sir.

Q. Upon what theory of law do you say that only so much shall be written off in the way you have indicated and that so much can be taken to capital or fair value?

A. Because the four points were expended by somebody, actually expended by somebody in performing a service for the company, which service is the gathering together of the capital. The other five points are simply a register of the fact that the credit of the company was not up to the coupon rate on the bond, and the investor was able to buy, therefore, the bonds to yield him some more than the cou-

pon rate. In the investor's calculation, he figured that those bonds, instead of yielding him five per cent., were yielding him, let's say 5.15. That is the interest rate which registers the credit of the corporation at that time. The other four points were actually expended by somebody. In this case the underwriters, as the agents for the corporation, expended in shoe leather of the bond salesmen, expended in railroad fares, expended in the accounting affairs and all the rest of the paraphernalia incidental to the sell-

1060

[fol. 4086] ing of securities and gathering together the money, that amount.

Q. And possibly leaving a little for profit occasionally?

A. Yes.

Q. Occasionally?

A. Occasionally.

By Chairman Geiger:

Q. Now, may I interject a question? You fix a rate of four per cent as covering this cost?

A. Yes, sir.

Q. Would you say that that is four per cent., no matter what amount of money is gathered together?

A. No, sir, I do not think so. I tried to estimate it on what I thought underwriters would regard as a proper spread on a public utility like a natural gas company where upwards of three or four or five millions of money had to be obtained.

Q. Let us take it this way, Doctor, just as an example. Assume you are going to construct a gas company that costs you one million dollars. Four per cent. of that is $40,000.00. Assume in contradistinction from that that you are going to finance a gas plant which will cost you five million dollars. Four times five is twenty—$200,000.00. Now, there is $160,000.00 difference between the financing of the five million one and the one million one?

A. Yes, sir.

Q. Now, where is it that this four per cent. comes to be less than four per cent.? You would have to have spent just as much car fare and shoe leather and just as much eloquence and everything else to sell a one million dollar plant as a five million dollar plant. And yet you charge four per cent. for either of them. And if one of them is

five million and the other is four million, the spread is
1061
[fol. 4087] $160,000.00. How do you account for that?

A. I don't think I have testified that in the case of the million dollars that the cost of getting the capital would be four per cent. I think it will be more than that.

Q. More than that?

A. Yes, sir, the smaller the enterprise——

Q. Where do you fix the four per cent?

A. Three or four or five million.

Q. Wait. We are going pretty lively. At three million dollars it is $120,000. At five million dollars it is $200,000.00?

A. Yes sir.

Q. There is $80,000.00 between those two amounts?

A. Yes, sir.

Q. Yet you are reeling them off in this way?

A. We cannot be exact in this, but it is perfectly true that the job of an underwriting syndicate in getting customers for a three million dollar issue is markedly less than getting customers for a five million dollar issue.

Q. Let me make another assumption and see if you can enlighten me on that. Suppose Columbia Gas & Electric Company is the parent company of the Columbus Gas & Fuel Company, and the Columbia Gas & Electric Company would want to build a new plant in Columbus. Would they be entitled to four per cent to produce money out of their own treasury to build this plant here?

Mr. Turner: Note an objection. We want the record to show it.

And thereupon the Commission overruled the above objection of the Columbus Gas & Fuel Company, to which ruling of the Commission the Columbus Gas & Fuel Company excepted.

A. I would like to answer that question if I could. The
1062
[fol. 4088] answer is yes, because the Columbia, the parent company, has itself got, directly or indirectly, to go into the byways and gather this money. They don't operate a mint that furnishes that capital ready made.

Q. And at the same price, four per cent., even though they may be selling a hundred million dollars and spreading it over a great territory?

A. It might as a matter of fact cost them more than that. May I just add something there?

Q. Yes, sir.

A. Selling the securities of a holding company like that would probably involve more expense than gathering capital for specific concrete operating utility, such as the Columbus Company, located in a wellknown city such as this. The public investor would prefer to put his money into a medium sized operating unit, such as the Columbus, to putting it in the overlying securities of a holding company, operating perhaps literally from Dan to Beersheba.

Q. Isn't that true of the value you put on these things in the stock market when you are buying bonds? Don't you prefer to buy a bond and are willing to pay more for a bond of the Columbia Gas & Electric Company or the American Telephone & Telegraph Company than you would for some little subsidiary?

A. Not a little subsidiary. This is not a little subsidiary.

Q. A fair-sized one?

A. I would be willing to testify that the price at which the investment world would gauge the bond, the first mortgage bond of an operating utility such as the Columbus, would be higher than such an overlying security that the parent company could create, which was not a first mortgage on any specific property.

Q. We have had that question up a good many times.

1063

[fol. 4089] We have it up today in another case, about how much the original bond should be sold at. They have a set-up asking to sell bonds at 87. That is a small company compared with the Columbia Company. Do you know what the value of the Columbia Gas & Electric bonds is now?

A. No sir.

Q. You have not looked that up?

A. No, sir, I have not.

Q. One other question for the present, Doctor. I won't finally limit myself. By what theory do you arrive at the conclusion that under our statute, if we are confined to the cost of the physical property, that we have a right to

consider any other than a one hundred cent dollar; that is, we are commanded by the statute to find the reproduction cost of the physical property. Now, why do we assume we are going to use the ninety cent dollar instead of the hundred cent dollar?

Mr. Turner: I wish in making your statement to him you would read to him paragraph 9 of Section 499 of the General Code.

Chairman Geiger: G?

Mr. Turner: Yes.

Chairman Geiger: I was reading F.

Mr. Turner: I was reading G.

Chairman Geiger: You are quite right there. We are getting to that after we get through with e, or d.

By Chairman Geiger:

Q. The cost of new reproduction as of a date certain of all physical property. Now, that would assume you are going to start out and have your money ready to build the property, a hundred cents on every dollar, and not a 95 cent dollar or a 90 cent dollar or a 104 cent dollar or anything else but a 100 cent dollar?

1064

[fol. 4090] A. That is correct, but just a moment.

Q. Now wait a minute.

Mr. Turner: Why don't you let him explain?

Chairman Geiger: I can get it then by referring to your section.

G says—I will read it—"If there shall be any additional value given to the value of the property of a public utility or a railroad due to possession of a franchise to perform a public service, or for good will or for financing, such additional value shall be separately and specifically set forth, together with the basis of the computations or estimate of such additional value".

Q. Now you would say, I presume, that under that section of the statute the additional value of the physical property measured in a hundred cent dollar would come within the statement, "or for financing"?

A. Yes, sir. But just a moment. As I started to say, when you speak of the cost, the physical cost of property,

you do not mean the cost of a piece of cast iron pipe down in Birmingham, and another piece of cast iron out there in Pittsburgh. You mean the cost of all the physical parts brought together and united into an integral whole, capable of doing the gas business.

Q. We understand that, but the question is where this cost of financing comes in.

A. When you say "physical" you include certain intangible values incident to bringing these physical parts together and making them an integral whole. In the same way the money incidental to paying for all of this is not the money in thousands of pockets scattered all around. It is the money brought together, segregated for the purpose

1065

[fol. 4091] of doing this.

Q. Well, I want——

Mr. Turner: Why don't you let him finish?

Chairman Geiger: He was through.

Mr. Turner: No, he was not.

The Witness: It is just as difficult and just as much a part of the cost of getting the thing going to pay for the intangible costs or real out of pocket costs of getting together these myriads of rivulets of capital as a whole as it is getting the myriad pieces of cast iron together.

By Chairman Geiger:

Q. It is the express on the money to get it together, or freight. Now, let's see what difference you would make in this. Suppose John D. Rockefeller had a million dollars and he wanted to construct a property. He has the money in the bank. All he has to do is to write a check for it. Now, wherein would you charge the financial cost on that? Would you give him a premium because he happened to have the money?

A. It would not be there.

Q. You would have some way of getting it.

A. (Continuing:) Any more than if it happened that all of the cast iron pipe and all of the rest of the property happened to be right there.

Q. Let me put it another way to make it more simple. Suppose an individual wished to construct a $5,000.00 residence. Now, we are well within our conception that

he would have $5,000.00. He would not have to borrow it. He would not have to go out and wear out shoe leather getting somebody to buy a bond. He has $5,000.00 and he builds a $5,000.00 house. Now, what are you going to do with the element of financing for that situation?

A. He hasn't any cost there.

1066

[fol. 4092] Q. Your conclusion is simply bcause you have to go out and gather a larger sum together you are entitled to that cost of financing?

A. The difference, of course, is the fact that the resident has a consumer's use for his house in the same way that if you had your watch stolen yesterday and you walked along the street and stepped into a jewelry store and bought a watch, you had the consumer's desire for the watch. Sure he had to do some talking to induce you to buy that particular make, but the object of the watch to you was its usefulness. The object of the house was its usefulness. Here, on the other hand, we have a business enterprie, in which the investor of the capital has got to be shown that this is a proper enterprise, it is worth undertaking, and the process is a different one from the psychological reaction of the house builder or the watch-buyer.

Q. Let me put in another way then. Suppose this transaction in which the money is to be invested is of such a hazardous nature that the person lending the money demands 40 per cent., as they often did in railroad building?

A. Yes.

Q. That is still the cost of financing?

A. I should have to know the cost of discounts, but theoretically, yes, sir.

Q. I get it. I wanted to get your view.

A. Conceivably in the marts of enterprise—I heard of an enterprise of getting gold up in the State of Massachusetts, and I understood the impecunious promoters made a contract with somebody to sell their securities on a fifty per cent. cost of financing. Of course, the enterprise was a fraud. But still in theory that was the estimate of what it would cost to convince Tom, Dick and Harry to put some money in a gold enterprise in the commonwealth of Massachusetts.

1068

[fol. 4093] By Commissioner Bricker:

Just one question, Doctor. We have possibly coming here before us the Columbus Gas Company and other utilities, asking to sell securities for additions and betterments, extensions and other proper causes, say at a discount of ten per cent.; they ask to sell the securities at 90, and to amortize the ten per cent. over the life of the security, without any regard to what the public ultimately pays for that security, say 95 or 96, whatever it might be. Do you know of any commission that through its engineering department follows up those securities to determine which part should be allocated to capital?

A. No, I do not.

Q. And separate the part that should be——

A. No, I do not, but obviously part of that transaction that you speak of is one and part the other.

Commissioner Bricker: There isn't any question in my mind about it, but it is just a question as to the practical working out of the thing. I have never known of any company in its application here at least to attempt to separate those elements of cost of financing and bond discount or security discount.

Chairman Geiger: Pardon me for pursuing that a little further.

By Chairman Geiger:

Q. You have made a four per cent. estimate on a three or four or five million dollar public utility, and you say generally that it ought to be four per cent. Now why ought it to be four per cent., any more than two per cent? Can you break the four per cent. down?

A. That estimate was made from examination of a great number of underwriting contracts, from a knowledge of a great number of underwriting contracts of enterprises

1069

[fol. 4094] similar to this, involving, as Mr. Bricker has already said, the expenses incidental to the marketing, plus such profit to the underwriters and bankers as will keep them in business. There is very keen competition. For instance, this gas company here, if its bonds should mature, and they desire to bring out two or three million dollars of bonds, and they should let it be known in Wall Street that

they wished to market those bonds, they would undoubtedly have a half dozen or more underwriting organizations who would be very glad to take those bonds in order to merchandise them.

By Chairman Geiger:

Q. At what price?

A. That would be a matter of negotiation—all good horse traders. There is a competitive market and that competitive market will come down as low to the underwriters as will enable them to pay the expenses of underwriting plus a fair profit, and it will come down no lower.

Q. Then when you expressed it in the terms of shoe leather and railroad fare, you meant shoe leather and railroad fare that is expended by the persons who are going to buy the bonds; that is, the company won't have to go around and hunt anybody?

A. That is correct in a company of this character.

Q. In other words, there is plenty of capital available for a good security?

A. Yes, sir, and it is ridiculous to pretend otherwise, but although there is plenty of it, it has to be gathered together.

By Mr. Butler:

Q. Dr. Dewing, I seem to have gathered the impression somewhere that at least in some of the states in respect to bonds the discount and expenses in respect to their sale mut be authorized over a period of years, say the life of the

1070

[fol. 4095] bonds. Now, if that be so, then your four per cent. applicable to expenses would not be treated as you treated it; you would amortize whole sum?

A. Under the statute, yes, sir.

Q. You know some states where that is done, do you not? You are familiar, aren't you, with some of the Commission's rules?

A. Yes.

Q. That require it?

A. Yes, sir, and I am also familiar in some states where it is left to the option of the utility, provided it is in accord-

ance with reasonable accounting, to follow the policy they desire.

Q. I think I included that in my question, don't you remember?

A. Yes.

Q. I said I thought I knew of some.

A. Yes, and I answered yes.

Q. In those states it is a matter of determining discount and expense, the states to which you refer, and you amortize the whole sum?

A. Yes, sir.

Q. And the four per cent. then would disappear?

A. Yes, sir.

Q. Is any amortization ever applied to money from stocks?

A. Oh yes. It very frequently is, and I think accountants differ in regard to the practice. If, for instance, you sell a preferred stock at a discount. Theoretically the preferred stock is a permanent liability and consequently its discount —you set up on the other side of the balance sheet the preferred stock discount, and that stands as an adjusting entry as long as the corporation remains in existence.

Q. Do you write it off gradually?

A. Sometimes they do and sometimes they don't.

1071

[fol. 4096] Q. Which is the better accounting to do?

A. The better accounting is not to write it off.

Q. It is required by some states and some commission, isn't it?

A. Yes, sir.

Q. Now, of course, in a case like that your four per cent. again would disappear, and if it were four per cent, or some other amount, it would be subject to amortization?

A. Yes, sir.

By Chairman Geiger:

Q. I wish you would pursue that a little further to find out whether there is a difference in amortizing bonds and stocks. I understood you to say that the safe set-up would be half stock and half bonds?

A. Yes, sir.

Q. Do you mean half preferred stock or part of it preferred and part of it common?

A. I don't think that makes much difference so far as the solvency of the company is concerned. The reason for my formula is that in case the company should run into hard times, it is not overburdened by a fixed charge that they have to meet under any circumstances. There is sufficient margin so that the utility could sail by even with the winds against it.

Q. But would you make any difference in your judgment about the amortization of bonds as against stock?

A. Yes, I think I have already testified to that.

Chairman Geiger: All right, then I have no questions.

By Mr. Butler:

Q. Just repeat that, Doctor, that we may have it clearly?

A. That in the case of bonds there are varying theories; in regard to the amortization, and the best theory is that the discount representing the amount at which the bonds are sold, as it were, above or below the credit of the corporation, should be amortized over the life of the bonds.

1072

[fol. 4097] And my opinion is that the preferred stock or common stock discount should not be amortized, because the preferred stock and common stock are permanent liabilities.

Q. It should be capitalized?

A. Yes, should remain as an adjusting entry. They should be capitalized. It would amount to being capitalized, yes.

Q. They are not carried in capital, however?

A. No.

Q. Doctor——

A. They represent may I say——

Q. Sure.

A. They are very much in the same status as organization expenses, whether you carry those along or whether you write them over a period, and, if over a period, what particular theory of accounting are you going to adopt in your process of writing it off?

Q. In organization expenses the better management, if not the better accounting, writes them off, does it not?

A. I should say that there was difference of opinion. What the accountant calls the more conservative practice, but I do not think necessarily the more accurate. The organization expense is an expense incurred for the life of the corporation.

Q. It is the safer, Doctor?

A. The safer is to write it off.

Q. Now, coming back to our theoretical corporation of five million in this state, we come to the Commission for its approval on our issue of two and one half million of bonds. Is it your theory that you would be permitted to say to the Commission that "Investors over the country, the individuals, are paying 95, but we are getting from the syndicate only 91"—these are all imaginary figures?

A. Yes, sir.

Q. Now we want you to permit us to amortize only the 1073 [fol. 4098] difference between 95 and a 100, but we do not want to amortize the difference between 91 and 95?

A. I should say that is a perfectly sound position to take.

Commissioner Bricker: But I believe you said you know of no Commission who does actually follow out that practice.

The Witness: No, sir.

Q. How do you charge four points as to the other two and a half million? Does that assume in your mind the issuance of stocks?

A. Yes, sir. For instance, if it is a preferred stock, that would have to be sold with a promise to the investor of somewhat more than the bonds. If it is a common stock at the close of the year 1929, perhaps even less. The promise in the form of expected dividends would vary, but the cost of getting the investor, the cost which must be assumed by either the corporation, if it marketed its own securities, which is very unlikely, or by the underwriters or the bankers acting for the corporation, the cost of getting these minute rivulets of capital together in the aggregate, be that aggregate to be represented eventually by bonds or preferred stock or common stock or any combination of them, that represents the cost.

Q. You startle me a little, and that is probably because I never thought of it before, but you startle me a little by assuming that a Commission in dealing permissively with your securities or with my securities, will divide up the difference between what comes into the treasury of the company and par between the advantage that the individual investor and the advantage that the underwriter gets. I

do not understand how you draw the line now. What is the difference to the Commission? The company is getting 91

1074

[fol. 4099] for its bonds. Of what concern is it to the Commission that five points go to the individual investor, of whom you speak, and four points to the underwriter?

A. The concern it seems to me is a question of the ultimate allocation of the particular expenditure on the part of the corporation. One represents an actual expenditure by somebody to perform a particular service. The other represents merely the fact that the corporation is trying to market bonds at a different rate than that which its credit justifies. For instance, if the credit of the corporation is five per cent., and the public proposed to pay par for the bonds, the underwriters or the sellers of the bonds will say, "We cannot pay par for the bonds. We have to undergo an expense to gather this capital together, and consequently we can only pay 96 for these bonds, although we admit that the credit of your corporation justifies a five per cent. par rate." The difference that I am trying to state is the difference in theory. Obviously, of course, not the difference in practice. The two things are brought together in the form of sort of a catch basket of discount, but the services received by the company can be separated into two parts.

Q. Let us turn again for the moment to the preferred and the common stock. I fancy about one half of one half would be preferred and one half of one half common?

A. That would be a very conservative and wise set-up.

Q. Now, does your argument and your principles, which is more fair to you, hold true equally whether those stocks are with par value or without par value?

A. I should say so, yes, sir.

1075

[fol. 4100] Q. You do not mean when you say that four per cent. should be charged for expenses that the stocks will bring in 96 per cent. of their par value if they happen to be par stocks?

A. It is quite possible, yes, sir. It is quite possible. You can make the promised preferred dividend so high that they might bring in more than their par value. You might paint the picture of the growing prosperity, happiness and so forth of the good people of Columbus, paint

it so vividly that the people would be glad to pay more than par for the common stock.

Q. Well, does the same principle apply there as in respect to bonds; in other words, you have sold your bonds——

A. Yes, sir.

Q. I am trying to get your theory?

A. Yes sir.

Q. Five points amortized, because the ultimate purchaser gets the benefit of that; four points expenses, because you paid it to the syndicate. Now may not that be true of your preferred stock?

A. It may be, yes, sir.

Q. Wouldn't you divide that up?

A. It is not necessarily true, because the preferred dividend might be on a very favorable rate to the investor, or it might be quite the reverse. It is a question on the part of the corporation managers to say how much they care to promise the preferred investors.

Q. Doctor, let us assume in the hypothetical case that the syndicate would say to the corporation, "We propose to sell your bonds to the public"—I mean "Your preferred stock to the public at 98, but we will pay you 96 only". Now why shouldn't the principle or the principles that you have applied to the bonds be applied to that?

A. It would only show I should think that the syndicate

1076

[fol. 4101] was—I never heard of the preferred stock of an operating utility being distributed on so narrow a margin as two points.

Q. Oh, doctor, don't you think you are taking advantage a little? I am only trying to get the principle. Syndicates do feel on principle that way. That is, they sell the stocks at a certain price to the public?

A. Yes.

Q. And they pay a lower price?

A. Yes, sir, that is correct.

Q. Figures don't mean much?

A. I thought you were laying some stress on that.

Q. Oh no, I get your point, however. In that case why shouldn't you apply the principles that you have applied to the bonds?

A. Why I should, sir, I should.

Q. You would amortize part of it?

A. Yes, I would carry it as two entirely different funds. As I think I have already testified, a discount on preferred stock I think it is better accounting practice not to amortize, and in certain commission accounting procedure I know that it is required. But from an accounting point of view you have a permanent liability and the adjustment on that permanent liability——

Q. Doesn't conservative management gradually write it off?

A. Yes, sir.

Q. And in the final analysis, Doctor, is there much difference between that conservative writing off and the amortization?

A. Indeed I don't understand you. There are these two theories, one that the discount to the preferred stock should be carried as a permanent asset; the other theory is that that should be gradually written off. And, as I think I have already expressed the fact, from the accounting stand-

1077

[fol. 4102] point it seems to me it is wiser to carry it as a permanent asset. It represents the fact that permanently the corporation has bought its preferred stock money at a lower annual charge than the credit would justify.

Q. Doctor, have you made an estimate in dollars of the amount that you give to going concern value in the case of the Columbus Gas & Fuel Company?

A. No, sir, I have not, no, sir.

Q. Doctor, if I ask you——

Chairman Geiger: Didn't you have it on the last page, page 39 or 40?

Mr. Turner: He had no exhibit. That was Wheeler, another witness.

Q. By the way, Doctor, have you examined Mr. Wheeler's exhibit?

A. Yes, I have.

Q. Have you had it for some time?

A. No.

Q. Not until you reached Columbus?

A. It was sent to me two days ago.

Q. I expect you are a trained student?

A. I am afraid not. I wish I were. I read it with a great deal of interest.

Q. We read it with amazement. If, Doctor, I requested you to give us in dollars and cents the going concern value which you would allot to this Columbus Gas & Fuel Company what facts would you require?

A. I think I would pick out the three major elements in my estimated value. I recognize the significance of Mr. Wheeler's estimate on trained personnel and the like. But it is so intangible an estimate in the situation that I do not think I should attempt to form a dollars and cents estimate. But the three elements that I think I could work out such a dollars and cents estimate from are the three I have

1078

[fol. 4103] already testified to:

The cost of attaching customers, which I think is approximately $7.00 a customer.

The cost of carrying not the losses, but the cost of carrying the works during the first five years, until they reach such a point that the works are supplying the optimum of customers;

And, third, this element that I have been examined by you about, representing the cost of financing.

Q. Do you mean by that that your cost of financing is included properly within going concern value?

A. With going concern value, yes, sir.

1115

[fol. 4104] F. C. Hamilton further testified:

Q. Turning now to the question of the cost of financing to be considered in the reconstruction new of a utility, is there justification for such a charge, and if so what is it; what is the justification?

A. The justification is that it is a necessary cost of raising the money with which the plant is constructed and should be capitalized exactly as the cost of a piece of pipe that goes into the construction or the cost of any other portion of the physical property.

Q. Do you differentiate that from bond or stock discount?

A. It is a portion of bond and stock discount in the ordi-

1116

[fol. 4105] nary acceptation of the word.

Q. Well, let us get an illustration if we can; let me ask you this way; suppose that a utility was authorized by this Commission to sell its stock at 90; they sell that to the underwriters at 90, who sell it to the public at 95; now what part, if any, would be cost of financing and what part, if any, would be bond discount or stock discount?

A. The difference between the 90 and the 95 which is the compensation to the syndicate or the individual or the company itself, in case they sell their own securities themselves, for the expense of their salesmen, their advertising for the selling of that security, would be the bond discount that is subject to capitalization. The other portion above that is a function of the interest rate; in other words, you could put the interest rate so high and make it a continuing charge forever as long as the bonds were out, that the bonds would sell to the public at par; but even though they sold to the public at par there would be a cost of selling them.

Q. In other words, as I understand it, there are two classes of charges there, one which is a function of time; that is interest and discount?

A. Yes, sir.

Q. And the other which is not a part of the function of time or not a function of time and that is the capitalizable cost of financing, the cost of getting the money together or selling the bonds or whatever you call it?

A. Yes; it is the money that is paid out, first, to the syndicate for the risk they take in underwriting it in the way of profit; and, secondly, in turn paid out by them to their salesmen and to their office force and to the men who check

1117

[fol. 4106] the issue before they are willing to accept it, and all of the other work which they have to do.

Q. Now if you issued stock at 90 your company would get, from a million dollars, $900,000.00, would it not?

A. Yes, sir.

Q. And on the liability side of your ledger you would have stock outstanding $1,000,000.00?

A. Yes.

Q. And what would you have then on the asset side of your balance sheet to show what had become of the difference between the case $900,000.00 and your stock liability of $1,000,000.00?

A. On the assumption that the stock went to the public at 95 there would be $50,000.00 in the capital account added to the plant and investment. For that $50,000.00 which represented the payment for the sale of the securities there would be set up on the asset side bond discount for the remaining $50,000.00, which should be, under proper accounting practice, amortized in equal annual installments over the life of the bonds.

Q. I accidentally heard a question from the other side—not intentionally—but I will ask that same question that was asked over there—"How do they know it"; in other words, don't you enter into an underwriting agreement with the underwriters that the stock is to be sold on the market at a certain price and their underwriting is provided for in that contract?

A. That is true, and they guarantee us the money and until they do of course we do not let any contracts for construction.

Q. In other words, that is all settled in the contract, what the bonds are to be sold or the stock is to be sold to the

1118

[fol. 4107] public at?

A. Yes, sir; settled by agreement between the bond house and the issuing company.

Q. Is cost of financing the same thing or something different from interest during construction?

A. Entirely different from interest during construction.

Q. Now does the cost range vary in proportion to the amount of money gotten or not?

A. No; it varies in proportion to the type of security that you are issuing, the credit of the company issuing it and the times at which it is issued. In amount it does not vary; for instance, it costs as much ratably to sell a five million dollar issue as it does a million dollar issue; it just means that you have more salesmen making more calls on more customers; by that I mean this, the fact that you decide to issue $5,000,000.00 of bonds instead of a million does not make your customers have any more money in their pocket with which to buy; they still will buy of the five million dollar issue the amount which their finances permit them to take; and to sell five million dollars you have just got to call on more customers and use more sales-

men to do it to get five million dollars sold in place of one million dollars.

Q. How many stockholders have your companies?

A. A little over 400,000 stockholders at the present time and a little over 750,000 of common, preferred and bond holders.

Q. In relation to the other large companies of the country where does your company stand with respect to the rank of the number of stockholders?

A. We are second only to the American Bell Telephone Company.

1119

[fol. 4108] Q. What is the fact as to whether you sell your securities directly to the public?

A. We sell both directly and through bond houses; and to explain that a little bit, we have a security department, and when a syndicate is made up to sell, for instance, the $120,000,000.00 issue of bonds which we put out last spring, our security department takes a portion of that underwriting, exactly as Harris, Forbes took a portion, and Halsey, Stuart took a portion, and others.

Q. You are familiar with this Columbus Gas & Fuel Company plant, are you not?

A. Yes, sir.

Q. And its set-up?

A. In a general way, yes, sir.

Q. Assuming that the cost of reproduction would be approximately $5,000,000.00 what would be the cost of financing that reproduction; I am talking about reproduction new less depreciation $5,000,000.00?

A. I should say about $350,000.00, or about seven points on the total amount.

Q. Is that based on your experience in selling stock directly and raising capital directly as well as in raising it through syndicates?

A. They are identical with us because any time our bond department cannot bid as high for our securities as an outside house does they just don't get any business; they have to and are made to stand on their own feet and produce as any other department has to.

1202

[fol. 4109] B. L. WHEELER further testified:

Q. Mr. Wheeler, I wanted to ask you whether or not there is a cost of financing that is separate and apart from discount on bonds or stocks?

A. Yes, sir; we consider them distinct.

Q. In your opinion and based upon your experience and the experience of Ford, Bacon & Davis, so far as you know it, could a utility for the distribution of natural gas in a city like Columbus, costing approximately $5,000,000.00 be

1203

[fol. 4110] erected or constructed without incurring a cost of financing?

A. No, sir.

Q. I hand you what may be marked as Company Exhibit No. 64 and ask you to state by whom that was prepared?

A. That was prepared in the office of Ford, Bacon & Davis, partly by myself, from statistical records and information which we had and is a compilation of statistics on certain bond issues.

Q. Does that show the cost of financing of the issues referred to?

A. It does, about twelve different issues, all of which are natural gas security issues.

Q. Of the issues shown there what was the average cost of financing?

A. The average cost of financing of the twelve issues, aggregating about $63,000,000.00, was 7.57 per cent. or dollars per hundred.

Q. In your opinion, what would be a reasonable allowance in a valuation of The Columbus Gas & Fuel Company, in the cost of reproduction new, for cost of financing?

A. I should estimate from four to five per cent.

1212

[fol. 4111] Chairman Greiger: I see. Now, right pertinent to this point, do you know of any company that has ever handled its finances by charging to capital the difference between what they received from the underwriter and what the public paid and amortizing the difference between what the public paid and the par value of bonds?

The Witness: I cannot answer any specific company, no, sir.

Chairman Greiger: Well, does anybody ever keep their

1213

[fol. 4112] books that way? Have you ever heard of it before except in rate cases? Isn't it an impractical thing to do?

The Witness: I think that the amortizing of the discount would be the normal and practical thing.

Chairman Greiger: That is amortizing the difference between what the public paid and the face of the bonds?

The Witness: Yes, sir.

Chairman Greiger: And put into capital the difference between what the underwriter pays and what the public pays?

The Witness: Yes, sir.

Chairman Greiger: Well, I think that is all right theoretically, but do you know of anybody that ever did it?

The Witness: I cannot say so.

Commissioner Bricker: Companies have come before us I think asking to sell at a certain price and then the right to amortize that discount, and they call it all discount, over the life of the bonds, or if it is preferred stock over a definite period of time. I do not think we have had any experience wherein there was any split in the price at which they were offered as between the public purchasing price and the underwriting figure.

Mr. Turner: Your Honors, are aware of the fact that in our exhibits we have no cost of financing, but I do recognize the logic of this thing, whether it is in there or not, and it is like the cutting of pavement; the cutting of pavement—theoretically, if you are to reproduce it, you have to cut the pavement; but the Courts have said where the pavement was not originally cut we follow the historical method and not the reproduction method, and so we have complied; we

1214

[fol. 4113] have put in Exhibit No. 1 with all paving out, but our Exhibit No. 2, which is the one we rely upon here, has no cost of cutting pavement where there was none originally; nor is there cost of financing; yet I think each one of them logically belongs there in the reproduction.

Commissioner Bricker: But there is no appeal from the decision of the Supreme Court of the United States.

Mr. Turner: No, there is no appeal.

Mr. Butler: Well, we had that up once before, and if I understand you, if it is necessary upon the basis that you

are seeking to use you will predicate error both in respect to the cost of paving and in respect to the cost of financing?

Mr. Turner: I answer that as I answered it before, that whether we predicate error will depend upon the results; it is results we are after.

Mr. Butler: Well, let me put it differently; if you need it?

Chairman Geiger: You are not anticipating you will have to do that?

Commissioner Bricker: Is that what you call a concealed weapon?

Mr. Turner: You have my notion pretty well in the record now of both of these items.

Mr. Butler: Yes.

Mr. Turner: Now why be more specific?

Mr. Butler: I know, but, Ed——

Mr. Turner: You have got enough there to argue on in an error proceeding.

Mr. Butler: It is the old story of praying and keeping 1215

[fol. 4114] your powder dry.

Mr. Turner: My clients think they are entitled to something and I put it in.

By Mr. Butler:

Q. Mr. Wheeler, did it occur to you that this Northwestern Utilities Limited bond issue in January, 1925, sold to the underwriters at 80 and to the public at 100, a difference of 20 points, would not be just quite fairly comparable to our present situation?

A. As an individual instance, absolutely, but as I stated before this is an attempt to put in all cases of which we had any data, and for that same reason we included this one that has been referred to as a premium; it is only an attempt to make an average. That individual case is undoubtedly excessive due to special conditions and considered by itself would probably not be comparable.

Q. Well, what is the Northwestern Utilities Limited?

A. It is a natural gas line to Edmonton, Alberta, Canada.

Q. Oh, that is your Canadian line?

A. That is a Canadian line.

Q. I see; and you think that was fair, to put a situation like that in here in order to give a fair average?

A. We put in every case that we had data on to the best of my knowledge.

Q. Why didn't you put some of them later then? There have been some late financings?

A. When this was prepared some months ago, I do not think we had any later data than the 1929 instance; I am not sure that we have now. We attempted to bring it absolutely up to date at that time.

Q. Which one of these is the financing of that pipe line to Denver, do you know?

1216

[fol. 4115] Chairman Geiger: From Amarilla to Denver.

The Witness: My recollection is that was the Interstate Natural Gas in 1926.

Mr. Butler: Oh, these are the ones that were taken at 101 by the underwriters, were they?

(No reply.)

Q. I see. Do you know how this big line from the Mid-Continent field to Chicago was financed, about $50,000,000.00?

A. No, sir, I do not personally.

Chairman Geiger: That is not on this list?

The Witness: No, sir.

By Mr. Butler:

Q. Are these producing companies or pipe line companies or distributing companies?

A. I think they are both.

Q. Can you distinguish there which they are?

A. Not for each one; some of these I have no personal knowledge of except for the statistical information.

Q. Well, you are going to bring us that statistical information so there is no use of my wasting time on that.

(No reply.)

1259

[fol. 4116] B. L. Wheeler testified on cross-examination:

Q. By the way, I had this little interesting notice laid on my desk and I want to read it to you and ask you whether it is a fair statement of conditions as to rate and yield;

"Columbia Gas & Electric Corporation, five percent Gold debentures, due 1961; this company supplies gas and electric service to more than 1200 communities in Ohio, Pennsylvania, New York, West Virginia, Maryland, Kentucky and Indiana or more than 1,300,000 actual customers. For the twelve months ended November 30, 1930, earnings avail-

1260

[fol. 4117] able for interest charges were $30,417,442.00, against charges of $6,025,985.00. These bonds have a prior claim on assets and earnings over the company's common and preferred stocks which have at present prices a market value of more than five million dollars. Price 98, to yield over 5.13 percent."

Mr. Turner: Objection.

Commissioner Bricker: What is the basis of the objection?

Mr. Turner: That is not natural gas alone but natural gas and electricity that he is talking about.

Mr. Butler: Well, it shows these utility bonds and the rates.

Mr. Turner: Oh, you cannot get rates and profit from natural gas by comparing electricity with it.

Commissioner Bricker: All the properties are covered by this particular issue.

Mr. Turner: I know nothing about that issue he is reading about. There is no evidence in the case of it but I know they must necessarily refer to——

Chairman Geiger: Mr. Turner, assuming you brought in Exhibit No. 64 relating to the price of bonds, etc., would it not be proper cross-examination at least to test the knowledge of the witness, if for nothing else?

Mr. Turner: Exhibit 64 is limited to natural gas companies, if Your Honor please, and I heard Your Honor distinctly tell me that the comparison ought to be between natural gas companies, and so, remembering that admonition, I have made this objection.

Mr. Butler: Well, if the witness gets your point of view

1261

[fol. 4118] he can answer.

Mr. Turner: I don't want the witness to get my point of view. I have been asked by the Commission to state my reasons. I did not state them voluntarily, sir.

Chairman Geiger: Are those bonds covering other than natural gas or does it show natural gas?

Mr. Butler: All other properties, gas and electric service, but I will ask him whether he makes any distinction and what he would say for one and the other. I want to know what he thinks about it. It is up to him.

Chairman Geiger: What is the purpose of the cross-examination? Is it in order to show by cross-examination that there are five percent bonds selling for 98, or six percent or whatever they are?

Mr. Butler: Yes, here is a five percent Gold debenture selling for 98.

Chairman Geiger: Well, I should say that it is quite as intelligent as introducing testimony on what a building down on Wall Street next to a bank had to do with the case.

Mr. Turner: We are going to offer evidence as to what those sold for; I was not testifying.

Chairman Geiger: My fellow benchman thinks we better let it in.

Mr. Turner: Note an exception.

The Witness: I do not know just the gist of the question. I am not personally familiar with that offering and do not know anything about the correctness of the figure.

By Mr. Butler:

Q. Well, assuming that they are so offered and that what I have read you is a correct statement of fact, does that 1262 [fol. 4119] offering fairly reflect a proper price for those bonds?

Mr. Turner: Objection again. We have not offered this witness to show that he knows the proper price of bonds. We have shown by this witness the cost of financing; that does not say he knows the proper price of bonds or is a bond expert.

Chairman Geiger: Didn't he testify quite at length about the price at which securities were sold upon the market and really introduce an exhibit?

Mr. Turner: The exhibit speaks for itself.

Chairman Geiger: I know, but it must have somebody speaking back of it; a witness offering an exhibit cannot come here and say it is an exhibit and refuse to be cross-examined upon it.

Mr. Turner: Oh, no, no, no, but if Your Honor please——

Chairman Geiger: All right.

Mr. Turner: There is not the slightest use——

Chairman Geiger: You started it.

Mr. Turner: I started it but it is the same thing all the time.

Chairman Geiger: Do you withdraw all your evidence——

Mr. Turner: I will not withdraw any of my evidence; I will not do anything of the sort.

Chairman Geiger: All right, then you must stand the consequences.

Mr. Turner: All right; note an exception.

The Witness: Repeat the question.

(Question read.)

A. It reflects a proper asking price; whether or not it is

1263

[fol. 4120] proper depends on whether they sell them or not; if they do not sell them it will be too high; if they sell them, it will apparently be all right; you are asking me in advance for an answer as to whether their offering price is proper.

Q. I think you are getting away from it a little too easy, Mr. Wheeler. Suppose that I were the Columbia putting out those bonds and I said "Now, Mr. Wheeler, you have experience, do you think it is all right to offer those to the public for 98, those five percent Gold debentures", what would you say?

A. I would say yes.

Q. I told Mr. Turner that I would ask you—give you the privilege of stating whether or not you make a distinction there between gas and electric properties, or whether you think that fairly applies to each of them?

A. Well, I do not make any distinction in that general answer.

Q. All right.

Chairman Geiger: Let me ask you right there; do you think that the business of furnishing natural gas is on as

secure a foundation as that of furnishing electric power and light so that a bond that is distinctly a gas bond should be of equal value with a bond that is distinctly an electric bond?

The Witness: I doubt that because one has a greater foundation behind it in the element of time.

Chairman Geiger: Well, your last answer seemed to indicate you would not make any distinction and I wanted to ask you.

3621

[fol. 4121] ALLENSWORTH—Direct:

By Mr. Huffman:

Q. Mr. Allensworth, in arriving at the reproduction cost new of these properties as of the date certain, have you allowed anything for cost of financing?

A. No, I haven't.

Q. Will you please tell us your reasons for not allowing anything?

A. Cost of financing and security discount, bond discounts, and stock discounts as I take it, is one subject; that is cost of financing embraces security discounts. It is true that when a public utility company is organized it is commonly necessary to secure funds in addition to those derived from the sale of stock. This is done by a bond issue, and the securities are floated with the aid of an underwriter or investment banker. The underwriter under such circumstances would guarantee to place the securities on the market and dispose of them within a fixed time at a stated price, sufficient below the market price to repay the underwriters for their work. These securities actually disposed of as in such cases are subject to a joint discount, part brokerage and part deferred interest. It is the contention of this company that brokerage is the expense necessary to be paid a broker investment banker or underwriter for making a full and complete investigation into the cost of and prospects of an inviting public utility enterprise, and a reasonable compensation for inducing investors to invest in well secured

3622

[fol. 4122] bonds and securities of this corporation; and therefore that it is a necessary expense quite similar to

engineering and superintendence, and to be valued on the same basis.

Bond discounts, whether brokerage, deferred interest or discount, is an interest charge. The utility company is ordinarily permitted to issue bonds to be sold at a reasonable discount, the amount to be determined by the figure which in the company's judgment is the most advantageous interest rate for the securities under the conditions of the money market at the time. The utility is permitted to exercise its judgment in determining what rate of interest will produce the most beneficial results from the financial viewpoint of the promoters and managers. If the company were to be permitted to capitalize bond discount, the valuation of the company's property would become, of course, a mere matter of convenience resting entirely on the utility issuing the bonds, for the amount of the discount varies with the interest rate. The lower the interest rate, the greater the amount of discount. A bond charging a low interest rate and sold at a large discount would create a greater burden upon the consumer than a bond sold at par at a high interest rate. If the amount charged to the capital account by means of bond discount were left entirely in the hands of the company, regulation in my opinion would be to a very large extent nullified. Bond discount represents no proper loss or sacrifice which can be assessed against the consumer by way of rates in my opinion.

Mr. Turner: There is none so claimed, Your Honor, by the company.

The Witness: It should be treated as interest. May I

3623

[fol. 4123] direct attention to the fact that in connection with discount on capital stock, the rulings of this Commission in its uniform classification accounts prescribed for natural gas companies, is found on page 25 of the Manual of Classification of Accounts.

Q. That is administration order 44 of this Commission, is it not?

Mr. Turner: We object. We are not contending for bond discount; never have.

Mr. Huffman: It is our understanding you are contending for cost of financing?

Mr. Turner: Yes, if you talk about brokerage that is a different thing, but we have never contended for bond discount as a valuation item.

The Witness: I am addressing myself to the subject of cost of financing, and the cost of financing is reflected in security discount, whether they be bond discounts or stock discounts. Up to the point in my discussion I have addressed myself to the subject of bond discount. The bond discount includes the brokerage fee. And as to stock discounts, were this company to be organized and finance itself in accordance with the reproduction theory as of December 31, 1929, the administrative orders of this Commission as reflected in the Commission's classifications of account prescribed for natural gas companies would prohibit capitalization of stock discounts, which stock discounts comprise discount at which the stock goes to the public and the brokerage fee.

Q. That is account No. 130?

A. That is found on page 25 of the Commission's classification account under account No. 129, and discounts on

3624

[fol. 4124] bonds including brokerage fee and the declaration of the company and the ruling thereon as found on page 26 opposite account No. 130, unamortized debt discount and expense.

Q. And bond discount according to your position is merely deferred interest payable out of earnings and not a proper item for capitalization; is that correct?

A. Yes, sir.

Q. Does either bond discount, brokerage, cost of financing in any of these forms, add anything to the value of the property of the company?

A. It does not.

Q. Then in your treatment of these subjects you have allowed nothing for the various elements ordinarily included under cost of financing?

A. That is correct.

Q. The only approach to this which you have recognized is interest during construction?

A. I provide in my reproduction cost interest during construction to provide a carrying charge on monies used in construction prior to placing various parts of the plant into operation.

Q. Is there any further explanation which you wish to make at this time in connection with City's Exhibit No. 59? In dealing with meters in this exhibit, Mr. Allensworth, do you have anything to add?

A. I was about to suggest, nothing excepting that I might mention in connection with the depreciation that I have deducted from reproduction cost of meters and meter installation to determine the sound value as of December 31, 1929, I have deducted only $67,352 which, as before explained, is 15 per cent of the reproduction cost new. The fact is that up to comparatively recently in the history of this Columbus Gas & Fuel Company, the Columbus Gas

3625

[fol. 4125] & Fuel Company did not own the meters on the customer's premises, excepting meters taken over from the old manufactured gas plant which were carried as property owned by the company. The consumer was obliged, or the property owner on which the consumer lived was obliged to buy the meters from the gas company and pay for it. In the last few years the company has been purchasing these meters from the consumers. An investigation will reveal that the amount paid for those meters is a depreciated amount, a depreciation far in excess of the depreciation I have deducted after adding thereto, that is adding to the cost or the price paid by the company the company's cost of rehabilitating these meters; the net result will be a depreciation greater than the depreciation that I deduct from the reproduction cost of meters as of December 31, 1929. The indications are from the price paid for these meters purchased from the consumers that the company places an estimate on life of meters in use of ten years.

Thereupon an exhibit was marked for purposes of identification as City's Exhibit No. 60.

Q. Mr. Allensworth, directing your attention to what has been marked for the purpose of identifications as City's Exhibit No. 60, I will ask you to explain what that is.

A. What has been marked City's Exhibit No. 60 is an exhibit consisting of four pages. Therein is revealed a collation of the company's reproduction cost and my reproduction cost and a collation of the company's reproduction cost less depreciation and my reproduction cost less depreciation.

3626

[fol. 4126] Directing particular attention to page 1 of this exhibit it will be observed that there are three columns of figures on this page; one column headed "Company's Reproduction Cost" and the other column designated "Allensworth's Reproduction Cost"; the third column titled "Differences". On pages 1 and 2 is revealed under account numbers and property classification the company's claimed reproduction cost for the various kinds of property comprised in the inventory of this property as of December 31, 1929, and opposite that is the reproduction cost that I determine in my reproduction cost appraisal of these inventory quantities.

Page 2 is a continuation of the statement on page 1, and at the top of page 2 there is revealed total amounts, company's reproduction cost being $6,136,842. My reproduction cost being $4,503,281 even. The difference between the two amounts is $1,633,461; in other words, this exhibit reveals that as to reproduction cost of this property as of the date certain of the appraisal, my reproduction cost is $1,633,461 less than the company's reproduction cost of this property.

May I direct attention to page 2 and the amount opposite the title "Undistributed Construction Expense on Land and Right-of-Way." In the company's column there appears the amount $9970, and in the column titled "Allensworth's Reproduction Cost" there appears the word "included". That means that in the undistributed construction expenses appearing immediately above that word.

Q. What do we find on pages 3 and 4, Mr. Allensworth?

A. On pages 3 and 4 of this exhibit there appears a collation of the company's reproduction cost new less depre-

3627

[fols. 4127 & 4127a] ciation and my reproduction cost new less depreciation, and the difference. There appears on pages 3 and 4 two columns of figures, one titled "Company's reproduction cost new less depreciation", the second column titled "Allensworth's reproduction cost new less depreciation"; the third column titled "Differences". On these pages is shown the property classification by account numbers and title, and opposite the various titles there appears the company's reproduction cost new and my reproduction cost new and the differences for the different classifications of property.

On page 4 at the bottom of the page opposite the title "Total" there appears the column titled "Company's reproduction cost new less depreciation" the amount $5,284,529, and in the column titled "Allensworth's reproduction new less depreciation" there appears the amount $3,355,510. In the column titled "Differences" there appears the amount $1,929,019, which means that my reproduction cost less depreciation of this property as of the date certain is $1,929,019 less than is the company's reproduction cost less depreciation.

[fol. 4128] General Overhead

The Columbus Gas and Fuel Company

43

[fol. 4129] L. E. WELKER, further testified:

Q. What amount have you added to the reproduction cost new of the physical property for undistributed construction expenditures?

A. I have added $696,542.00 to cover undistributed construction expenditures on the tangible physical property exclusive of land, and $9,970.00 for undistributed construction expenditure applicable to land and rights of way, making a total of $706,512.00.

Q. What classes of expenditures have you included, what have you allowed for each, and how was the allowance arrived at?

A. In explaining my answer, I have followed for analysis the Uniform Classification of Accounts prescribed by the Public Utilities Commission, and used for

44

Account No. 258, Engineering and Superintendence during construction	4.5%
Account No. 259, General Officers and Clerks' Salaries During Construction, together with General Officers' and Clerks' Expenses During Construction, which was Account No. 260, and Account No. 261, Office Supplies and Expenses During Construction, a total of	1.5%
Account No. 262, Law Expenditures during Construction	1.0%
Account No. 265, Taxes during Construction	2.0%
Account No. 266, Interest During Construction	6.0%
Or a total of	15.0%

I have used 10% for undistributed construction expenditures as applied to land and rights of way.

46

[fol. 4130] Administration and Legal Expense. In further explanation, in bringing into existence a property and plant such as that of The Columbus Gas & Fuel Company and in carrying it through the construction period, estimated elsewhere at three years, it would be necessary to have a company organization, properly officered and equipped. This involves a certain amount of administrative and legal expense as follows: with reference to the Public Utilities Commission's Classification of Accounts:

Account No. 259, General Officer's and Clerk's salaries during construction.

Account No. 260, General Officer's and Clerk's expenses During Construction.

Account No. 261, Office Supplies and Expenses During Construction.

Account No. 262, Law Expenditures During Construction.

Included under this heading are the salaries and expenses of executive and general officers, auditors, bookkeepers, clerks and other employes of the company, the rent and expense of the general office, stationery and printing.

During the construction period the administrative de-

47

[fol. 4131] partment must look after many details. Bookkeeping, auditing and paymaster's departments must be organized to keep records and accounts for construction funds. Careful checking work must be done in connection with the amount and progress of construction work, so that contractors and others may be paid from time to time without danger of being overpaid. The care and handling of capital expenditures and construction funds will call for the services of an intelligent and competent organization.

There will be inevitable legal expenditures, including the pay and expenses of counsel, attorneys and their clerks and attendants; costs of printing briefs, legal forms, testimony, reports, et cetera; payments to referees or arbitrators for the settlement of disputed questions; costs of suits for others causes than injuries to person and payment of special fees; making of construction contracts; obtaining permits from municipal departments; examining bids from

contractors; letting of sub-contracts, and employers' and public liability insurance is, in the case of mains, covered by the constructor. Any other insurance, including fire insurance, and any liability not covered by insurance are to be included among items to be cared for under the above general title.

Allowance by public service commissions for legal expense and administration or organization costs, the two items being somewhat frequently lumped, range to as high as five per cent. In the present instance it is believed that an allowance of 2½ per cent, being 1½ per cent for administration and one per cent for legal expense, is reasonable and fair.

Engineering and Superintendence, Uniform Classification of Accounts, No. 258.

48

[fol. 4132] A public utility plan, such as a gas distribution system, cannot be constructed without the services of an engineering department of extensive properties, which must make preliminary surveys, working drawings, specifications, et cetera, as well as supervise the actual construction. This work is as necessary as is that of the architect in the construction of a building. Where work of this character is done professionally by outside engineers, the scale of charges applicable to this class of work ranges from three to 7½ per cent. for the engineering work alone, exclusive of superintendence, and would average five per cent. In the case of a company such as The Columbus Gas & Fuel Company there is every reason to consider that it would be cheaper to secure the services of an engineering department fully equipped to handle the work.

In the present instance it has been assumed that the Company will establish such an engineering department, which will comprise a full staff of engineers, draftsmen, computers, checkers, field men and inspectors, and this department will be employed during a period of not less than three years upon the construction work. The work to be accomplished by this department will come under the following principal headings:

1. Preparation of preliminary general plan.
2. Preparation of preliminary surveys.
3. Preparation of general and detail designs and layouts for use in letting contracts.

4. Preparation of specifications.
5. Setting of lines and grades.
6. General supervision and inspection work during con-

49

[fol. 4133] struction.

7. Estimates for contractors.
8. Final tests and adjustments of contracts.
9. Construction of permanent map records for use of operating department.
10. The placing of the plant in successful operation.

Five per cent is a common allowance by public service commissions for the costs of engineering and superintendence and higher percentages have been allowed in several cases.

In the case of The Columbus Gas & Fuel Company it is my judgment, from experience, that 4½ per cent is a reasonable allowance, of which 2½ per cent is chargeable to engineering and two per cent to superintendence and inspection.

Taxes during construction, Uniform Classification of Accounts No. 265.

Included in this category are the taxes and assessments levied by public authority and payable on property belonging to The Columbus Gas & Fuel Company during the period of construction, estimated at three years. If these were assumed to be levied on the entire body of physical property for the entire period of construction, an unnecessarily high percentage would result. Instead, it has been assumed that within one year of the beginning of construction portions of the property would be put upon an earning basis and that as rapidly as possible thereafter further portions of the property would become revenue producing and thereby be eliminated from consideration under this head. By this process it is believed possible to keep the requirement for taxes during construction down to a net amount of two per cent, which is the percentage here as-

50

[fol. 4134] sumed.

Interest During Construction, Uniform Classification of Accounting, No. 266.

Interest during construction is the largest single element of Undistributed Construction Expenditures. Its inevitable occurrence has obtained practically universal rec-

ognition by courts and commissions in all public utility valuations. Capital for the construction of such a project as The Columbus Gas & Fuel Company could not be raised by loans from bankers or private individuals at ordinary interest rate for money. Such a method financing the construction requirement of a public utility may be assumed theoretically but is entirely out of the question as a practical method under present-day conditions. Construction funds would, without question, have to be raised by the sale of securities to investors. This, in the case of a natural gas utility would undoubtedly involve:

(a) A high dividend or interest rate on the security as purchased by the ultimate investors;

(b) The sale of the securities to the ultimate investor by banking and investment houses at an appreciable discount;

(c) The wholesale purchase of the securities from the Columbus Gas & Fuel Company by the banking and investment houses engaged in their ultimate sale at a still further and very considerable discount upon their face or par value.

As a result of (a), (b) and (c), it is unquestionable that the net cost of construction funds to The Columbus Gas & Fuel Co. would be very high, far higher than ordinarily

51

[fol. 4135] accepted interest rates where these elements and in fact the entire risk element in connection with the use of money are practically disregarded.

However, it is desired herein to use only such percentage allowance as are moderate and in full and fair accord with the general trend of appraisal practice by conservative bodies. For this reason the assumption has been made for computing interest during construction, and for no other purpose, that construction funds for building the property would be available to the Company at the equivalent of a net interest rate of six per cent, although it is not believed that in practice anything approaching this low figure could be obtained.

* * * * * * *

Further, the same considerations have been applied as have been set forth under Taxes During Construction, that is, portions of the constructed property have been assumed placed into operation as soon as completed, with the result that the interest rate is effective as against any single por-

tion of the property for only a portion of the construction period.

52

[fol. 4136] Using this six per cent and applying the same considerations as have been set forth under Taxes During Construction, that is, the placing of portions of the constructed property into operation as completed, with the result that the interest rate is effective as against any single portion of the property for only two years, the cost of interest during construction will be one-half of six per cent, multiplied by two, which equals six per cent.

Summary and Application of Undistributed Construction Expenditures.

Summarizing the foregoing, the Undistributed Construction Expenditures are as follows, again with reference to Public Utilities Commission's Uniform Classification of Accounts.

Account No. 258, Engineering and Superintendence During Construction	4.5%
Account No. 259, General Officers' and Clerks' Salaries During Construction	
Account No. 260, General Officers' and Clerks' Expenses During Construction	
Account No. 261, Office Supplies and Expenses During Construction	
Account No. 262, Law Expenditures During Construction	1.0%
Account No. 265, Taxes During Construction	2.0%
Account No. 266, Interest During Construction	6.0%
Making a total of	15.0%

The foregoing total of 15 per cent has been applied in The Columbus Company's Reproduction Cost Appraisal,

53

[fol. 4137] Columbus Gas & Fuel Company's Exhibits Nos. 1 and 2, to the bare cost of material and labor items exclusive of land. It is believed that this percentage is in itself reasonable and fair. A large number of court and commission cases can be cited in which a percentage equal to and in many cases materially higher than this has been allowed.

It is to be understood, in applying the foregoing percentage for Undistributed Construction Expenditures, that there is no intention to either claim or imply that such a percentage applies rigidly and equally in all of its elements to each and every item entering into the construction of the physical property of The Columbus Gas & Fuel Company. The application of any such overhead item is essentially a matter of averages. Certain items of property, if carefully analyzed, would prove to be entitled to a larger share than others of some one particular overhead cost. Some items, for instance, would be entitled to a heavy proportion of engineering and superintendence but a very small proportion of interest during construction. In other cases the precise opposite would be true. Similarly, some items of property would undoubtedly be entitled to bear a heavier share of the total overhead than the average, while other items, on the other hand, could undoubtedly be demonstrated properly to bear a smaller share than the average. Taking all of the items of property together, however, the foregoing percentage represents a fair average applicable to all. Unless in actual construction a very elaborate system of cost analysis were adopted, this percentage, would, in all probab-lity, be applied evenly to all items, as has been done in our appraisal.

54

[fol. 4138] It is further to be noted that the entire item Undistributed Construction Expenditures covers only those overhead details occurring from the first moment of active construction. It does not include costs preliminary to construction or any items whatsoever that are properly considered an element of Going Concern Value.

No allowance has been included in the above for development or promotional expenses, or the legal, engineering and administrative expenditures incurred preliminary to construction, costs of financing, including bankers' and brokers' remuneration, marketing securities and bond discount. No allowance has been included for the extra cost of piecemeal construction.

[fol. 4139] Commissioner Bricker: Just a minute there. In your unit costs I believe you testified the figures has been taken from your actual experience and the actual expenditures of the company in construction work?

The Witness: I did not testify just exactly as directly as you state; the unit costs were based upon what we actually pay for material or the performance; in other words, it would be impossible to figure that on December 31, 1929, we had an actual expenditure for every item of property in this appraisal.

Commissioner Bricker: The thing I am trying to get clear in my mind is whether or not unit costs did not cover or carry packed into them these overheads because you have taken them from the actual experience of the Company in piecemeal construction work.

The Witness: I have not taken the dollar or cents item

55

[fol. 4140] from the records or experience of the company.

Commissioner Bricker: I may have misunderstood your testimony earlier. Proceed.

The Witness: I may not have clearly stated it to you.

Commissioner Bricker: Proceed.

[fol. 4141] The Witness: Overhead Charge on Land and Rights of Way.

There is justification for applying the same combined overhead charge to land and rights of way as to any other fixed capital item in an appraisal. In fact, this is very generally done. It is true that certain captions included in our Undistributed Construction Expenditures probably do not apply in the case of land and rights of way. Engineering and superintendence and a number of other items apparently drop out from consideration. On the other hand, in the case of a public utility property and its construction or re-construction, two items of overhead charge usually assume large proportions in the case of land and rights of way, these being interest during construction and taxes. Sites for generating stations, yards, shops, gas holders, et cetera, would commonly have to be purchased early to avoid difficulties, disappointments and possible expensive condemnation proceedings. Very probably the most important land purchase would have to be made or contracted for prior to almost any other element in the construction program. Ordinarily, therefore, the charges for interest during construction and for taxes on the items of land and rights of way in an appraisal are fully equal to the combined undistributed structural costs of any other item of fixed physical property.

56

[fol. 4142] In the case of The Columbus Gas & Fuel Company there is probably less justification than usual for assuming this to be true. The Company has no generating station, its offices are on leased premises, and its regulator sites are small. In addition, the Company holds right of way grants with property owners outside the city for high pressure lines coming into Columbus. It is believed proper, therefore, to keep the overhead cost on land at a minimum, and with this in view the item of 15 per cent. for Undistributed Construction Expenditures has been cut to 10 per cent. in the case of land and rights of way.

Depreciation of Undistributed Construction Expenditures.

In the case of the material and labor items of fixed physical property, exclusive of land, these have been depreciated in our appraisal and the undistributed construction expenditures have been depreciated to the same proportionate extent. They follow usual practice.

In the case of land, the amount set down for this item in our Reproduction Cost New appraisal is based on a present day valuation by the Columbus Real Estate Board. There is no occasion to make any deduction on account of depreciation on land. There is, therefore, also no occasion to make any deduction on account of depreciation from the item of overhead charges on land and rights of way amounting to 10 per cent, or $9,970.00.

Conclusion and Totals.

The Undistributed Construction Expenditures applied on labor and material, exclusive of land and rights of way,

57

[fol. 4143] total 15 per cent, the details thereof being set forth in the table at the top of page 10 of this memorandum. This percentage applied upon $4,643,610.00, the reproduction cost total for material and labor, exclusive of land and rights of way, gives a total new for undistributed construction expenditures of $696,542.00.

The foregoing total for material and labor new, exclusive of land and rights of way, has been depreciated in The Columbus Gas & Fuel Company's Exhibit No. 2 a total of 16.1082 per cent of $748,006.00, leaving a depreciated reproduction cost valuation for this material and labor exclusive of land and rights of way, of $3,895,604.00, as set forth on page 12 of Company's Exhibit No. 2.

The undistributed construction expenditures, totaling $696,542.00 new, when similarly depreciated by 16.1082 per-cent, amount to $584.341.00, as shown on page 12 of Company's Exhibit No. 2.

The land and rights of way in our Reproduction Cost appraisal have a bare bones valuation of $99,702.00; a ten per cent overhead charge thereon amounts to $9,970.00, giving a total of $109,672.00 for land and rights of way with overhead charges. This item is not depreciated.

428

[fol. 4144] Cross-examination:

Q. You spoke about engineering costs in this reconstruction; what did you allow for that?

A. I have combined the item of engineering and superin-

429

[fol. 4145] tendence during construction and have allowed 4.5 per cent.

Q. And in dollars that means what?

A. $205,972.00 on the reproduction new. It is depreciated and represents $172,625.00 in the fair value. That of course is subject to—or that is after the revision for correction.

Q. How would you divide the $205,000 between superintendence and engineering?

A. I combined my explanation of engineering and superintendence during the construction as follows:

Engineering and Superintendence during Construction:

Superintendence During Construction:

1 General Superintendent	3 years @	$6000/year	$18,000
2 Assistant Superintendents	3 years @	3600/year	21,600
2 Automobiles	3 years @	1200/year	7,200
1 Clerk	3 years @	1800/year	5,400
1 Stenographer	3 years @	1500/year	4,500
			$56,700

Engineering During Construction. Construction Engineer:

1 Chief Engineer	3 years @ $5000/year	$15,000
Transportation Equipment	3 years @ 1200/year	3,600
		$18,600

Drafting:

1 Chief Draftsman	3 years @ $3000/year	$9,000
6 Assistant Draftsmen	3 years @ 2400/year	43,200
		$52,200

Surveying:

2 Party Chiefs	3 years @ $3000/year	$18,000
4 Assistants	3 years @ 1500/year	18,000
2 Automobiles	3 years @ 1200/year	7,200
		$43,200

430

[fol. 4146] Electrolysis:

1 Electrolysis Engineer	3 years @ $3000/year	$9,000
1 Car equipped with electrolysis instruments	3 years @ 1200/year	3,600
		$12,600

Miscellaneous:

Rent of office facilities for the foregoing men and their Assistants	3 years @ $3600/year	$10,800
Supplies and instruments, blueprints, instruments, laboratory supplies, electrolysis supplies and equipment, Surveying equipment and supplies		$14,863
		$25,663
With itemization totals		$208,963

Q. You have known this Company pretty well since 1911 and 1912, haven't you?

A. I have been acquainted with the property of this Company.

Q. The major part of its mains were laid without engineering—special engineering costs, weren't they?

A. I would state that that is not a correct assumption.

Q. Why; do you know it or have you just been told it or why do you say ..ot a correct assumption?

A. There ... been engineers employed by The Columbus Gas & Fuel Company for a long term of years prior, and to date. And, in addition, whether you term him a general superintendent or a superintendent or a foreman, any man that is in supervision charge that goes out and lays out the

431

[fol. 4147] work, lays out the work in his office, whether he is an engineer or acts as an engineer, his cost is practically the same. There has been over a period of years with this company costs for laying out this pipe line system, the gas holder, the regulator stations; laborers and installers of pipe lines and equipment do not go out without the planning advice of the proper supervision by those that are experienced to do that part of the work.

Q. Well, don't you know in the old days when there were additions and extensions that Mr. Strickler just went out and put them down; he did not need an engineer, did he, or he did not use one, did he?

A. I do not assume that Mr. Strickler just went out and put them down. There was a study made by Mr. Strickler with such engineering assistants as he wanted to use, and whether it took Mr. Strickler's time or an engineer's time before a laborer and joining crew performed the work, the cost was there just the same.

[fol. 4148] Q. Do you mean to say that the engineering services and charges during these extensions and additions were at all comparable to what you have figured here?

A. I have not in my appraisal tried to reconcile the organization that would be necessary to reproduce this plant in a three year period with an historical cost over a period of years. However, I do state that there has been a comparable cost for the same type of work.

Q. Comparable in amount—fairly comparable?

A. If you were to employ an index factor of the dollars in today's wages and salaries with the historical year it would be very comparable.

Q. Well, in making estimates you use thes- indexes of
432

[fol. 4149] value of the dollar, do you?

A. I am not in the habit of making historical estimates. If that was a proper function of making an estimate, I would.

Q. Well, don't you think that sometimes an engineer, however able he may be and experienced, can profit a little from what has actually happened and from what has actually occurred?

A. Engineers, as well as others, hopefully benefit by experience.

435

[fol. 4150] What did you allow for construction overheads?

A. Referring to page 6 of the appraisal, Exhibit No. 2, I have itemized incidental costs and direct overhead costs.

Q. Is that properly included under the term "Construction Overheads"?

A. That is properly included under the term "Construction Overheads", if I understand your statement correctly. We have in addition to those costs what the Commission terms Undistributed Construction Expenditures. If that is what you mean by your question I shall be glad to answer.

Q. Well, probably you better answer it in your way. Do you carry the term "Construction Overheads"?

A. No, I do not use the exact language.

Q. In liew of that what term or terms do you use as a subhead?

A. As a subhead, as I referred to—stated on page 6—"The unit costs for the installation of pipe lines, services, meters and for equipment generally, include an allowance for incidentals and direct overheads which are an actual part of the cost of the property in place. Items covered by the incidental and direct overhead allowances are as follows:

Incidental Costs:

436

[fol. 4151] Field Foreman;
Timekeeping and material clerk;
Purchase, loss and use of tools;
Workmens Compensation Insurance;

Medical Examinations;
Cost of securing labor;
Property Damage.

Those are the costs that are out-of-pocket costs and are not a part of the costs set up in the labor crew performance.

In addition to the incidental costs I have made an allowance in the unit cost for omissions and contingencies noted on page 6 as a direct overhead cost.

Further itemizing these costs, as, for instance, as applied to the unit costs for regulations, the direct overheads on material include:

Purchasing	.5 percent
Warehouse handling and checking	1.0 percent
Omissions, loss and waste	3.0 percent
Making a total of	4.5 percent

As applied to regulators and pipe about regulator stations, on fittings and valves:

Purchasing	.5 percent
Warehouse handling and checking	1.0 percent
Omissions, loss and waste	6.0 percent
Making a total of	7.5 percent

Direct Overhead on Labor:

Workmens Compensation	0.8 percent

Direct Overhead on Labor and Mechanical Equipment

Omissions and Contingencies	5.0 percent

437

[fol. 4152] Referring to the cost units for the installation of mains, the incidental costs on labor are for:

Field Foreman	3.0 percent
Field timekeeper and material clerk	2.0 percent
Purchase, loss and use of tools	5.0 percent
Workmen's Compensation	2.0 percent

I have for miscellaneous incidental costs, medical examinations, cost of securing labor and Property damage 3.0 percent

Making a total of 15.0 percent

which appears for the purpose of factoring in the cost units, or the development of the cost unit, as 15 percent.

Q. That is both direct and incidental combined?

A. That is noted as plus 15 percent.

The incidental costs on Mechanical Construction Equipment, where occurring in the cost unit analysis, are for:

Field foreman	3.0 percent
Field timekeeper and material clerk	2.0 percent
Or a total of	5.0 percent

which I believe you will see for calculating purposes noted as 5 percent on mechanical equipment instead of, as in the instance of 15 percent, applicable to labor. For instance, there is no industrial compensation insurance on the trench machines.

Direct Overheads on pipe or material incidental to the installation cost of Mains:

Purchasing	.5 percent
Warehouse handling, unloading and checking	1.0 percent
Omissions, loss and waste	3.0 percent
Or a total of	4.5 percent

438

[fol. 4153] Direct Overheads on Labor such as fittings and valves:

Purchasing	.5 percent
Warehouse, handling, unloading and checking	1.0 percent
Omissions, loss and waste	6.0 percent
A total of	7.5 percent

Direct Overhead on Labor and Mechanical Construction equipment; which is—termed direct overhead—

Omissions and Contingencies	5.0 percent

As to the direct overheads on material and installation costs for service lines, Direct Overheads on Material (Pipe)

Purchasing	.5 percent
Warehouse handling and checking	1.0 percent
Omissions, loss and waste	3.0 percent

Direct Overhead on Material, fittings and valves

Purchasing	.5 percent
Warehouse handling and checking	1.0 percent
Omissions, loss and waste	6.0 percent
Or a total of	7.5 percent

Direct Overhead on Labor:

Workmen's Compensation	0.8 percent

Direct Overhead on Labor and Mechanical Equipment:

Omissions and contingencies	5.0 percent

Construction Overheads, as Mr. Butler terms it, for Meters—Direct Overheads on Material (Meters)

Direct Overheads on Material:

Purchasing	.5 percent
Warehouse handling and checking	1.0 percent
Omissions, loss and waste	3.0 percent
A total of	4.5 percent

439

[fol. 4154] Direct Overheads on Materials, such as fittings and valves:

Purchasing	.5 percent
Warehouse handling and checking	1.0 percent
Omissions, loss and waste	6.0 percent
Or a total of	7.5 percent

Direct Overhead on Labor:

Workmen's Compensation	.8 percent

Direct Overhead on Labor and Mechanical Equipment:

Omissions and contingencies	5.0 percent

Direct Overheads on Structures:

1. Small tools and supplies, plant rentals repairing and cleaning	3.0 percent
2. Permits and Fire Bond	1.0 percent
3. Contractor's Overhead, Superintendence	8.0 percent
4. An allowance for a contractor's fee	10.0 percent
Making a total applied as to direct overhead on structures of	22.0 percent

This is the only instance in which I have allowed a contractor's fee or profit as it is our practice to employ a build-

ing contractor, as in the instance of the Burr Avenue garage.

I believe, Mr. Butler, that may cover what you have in mind.

Q. Have you included in your construction overheads any such thing as alleged going concern?

A. No, sir, I have not included in my construction overheads any such thing as going concern.

Q. Nor any organization costs?

440

[fol. 4155] A. Not in these overheads that I have been speaking of that I am trying to reconcile with your term "Construction Overheads".

Q. Does the term "Construction Overheads" mean anything to you?

A. General Overheads does mean what we know under the Uniform Classification of Accounts as the undistributed construction expenditures set forth in the Ohio Uniform Classification of Account Numbers as, partially,

Account 268, Engineering and Superintendence during Construction.

259, General Officers and Clerks Salaries during Construction.

260, General Officers and Clerks Expenses during Construction.

261, Office Supplies and Expenses during Construction.

262, Law Expenditures during Construction.

265, Taxes during Construction.

266, Interest during Construction.

I recite that enumeration in that I do not believe that I have included in either direct or undistributed construction expenditures, what we may term general overheads, an allowance for such for organization.

1326

[fol. 4156] Q. You testified as to your estimation for undistributed construction expenditures; you used a total of 15 per cent. and applied it to the total unit cost exclusive of land. Did you apply that to a figure which already included certain other overheads?

A. Yes, the undistributed construction expenditures would be applied to the base figures including direct overheads.

1429

[fol. 4157] JAMES P. STRICKLER testified on Cross-examination:

Q. In this Exhibit No. 2 there are set up, on page 12, under "Reproduction cost new" and "Reproduction cost new value less depreciation" certain things about which I assume you did not mean to speak; did you mean to speak about undistributed construction expenditures?

A. That is the engineer's setup that they have undistributed construction expenditures here, engineering super-

1430

[fol. 4158] vision during construction—is that what you have reference to?

Q. Yes, on page 12, undistributed construction expenditures?

A. Yes, sir.

Q. Did you mean to speak as to those?

A. What do you mean?

Q. Well, are those your judgments or——

A. That would be my judgment—approximately right.

Q. Well, how did you determine law expenses during construction?

A. The engineers did that because that is a necessity in connection with the construction work; there must be some law expenses connected with it.

Q. Well, but about the amount?

A. I did have nothing to do with the amount.

Q. Well, how could you approve it, Mr. Strickler?

A. Because I know it is necessary to have some——

Chairman Geiger: Couldn't we get it just by asking him this question; as I understand your answer now, you wish your testimony from personal knowledge——

The Witness: Absolutely.

Chairman Geiger: To be confined to that portion which related to certain unit costs?

The Witness: That is correct.

Chairman Geiger: And as to the other and remainder of that exhibit you took the estimate of the engineers as being correct, and give it your endorsement because the engineers had first endorsed it?

The Witness: You are correct entirely, Judge. I know that those conditions come into construction work.

Chairman Geiger: I know, but you did not have any

1431

[fol. 4159] experience from which you personally could testify?

The Witness: No, sir.

Chairman Geiger: Except as to the unit costs?

The Witness: I did not.

Chairman Geiger: I think that covers it.

Mr. Butler: Judge, I thank you. I was about to say we could exchange places but I could not fill yours.

Mr. Turner: I have heretofore suggested that.

Mr. Butler: Oh, no, you have not, nor did the witness say it either until Judge Geiger asked him.

The Witness: I would have been glad to say it if I had been competent——

Chairman Geiger: If you want to confine him to a certain page concerning which he testifies from personal knowledge then we can understand, if all his testimony as to unit costs is on a certain page.

By Mr. Butler:

Q. Take page 12 of Exhibit No. 2 and tell me as to what part of those things now you did mean your testimony to apply to, from personal knowledge?

A. I know that in my construction work that we have had engineers and superintendents during construction; we have had general office and clerks and salaries during construction; we have had general office clerks and expenses during construction; office supplies and expenses during construction; law expenses during construction; taxes during construction and interest during construction on moneys invested or used for investment. I know those things are necessary. The apportionments which they have established here, I do not know whether they are correct or not. Men in the employ of the company are better qualified to

1432

[fol. 4160] answer those questions than I am because that is their end of the business.

Q. Well, I am not interested in that, Mr. Strickler; I am only interested in what you know.

Chairman Geiger: Let me ask this question, Mr. Strickler, is there a particular page of that exhibit concerning which you can testify to from personal knowledge or——

The Witness: In the crew setups, yes, I can.

Chairman Geiger: What pages are those?

The Witness: That is something I would have to look up; that is in the other volume.

Mr. Turner: The summary volume he is being inquired about, Your Honor; the details are in the other volume.

The Witness: As far as district regulators are concerned those things are all taken from inventories; I have installed a great many of those.

Chairman Geiger: Well, there is no one particular page in that exhibit to which your testimony from personal knowledge and experience is directed; it is scattered throughout several pages?

The Witness: I think so.

Chairman Geiger: Oh, I think we understand what he is testifying to; he is testifying to certain unit costs; I have nothing else.

By Mr. Butler:

Q. You do not intend to testify about going concern value?

A. No, sir.

Q. Nor cash working capital?

A. No, sir, I have nothing to do with it.

3419

[fol. 4161] Allensworth—Direct:

The next item "Total Undistributed Construction Expenditures", in the amount of $613,364.09 is the sum of the undistributed construction expenditure items. These amounts and this total is the Company's claimed cost of construction in addition to labor and material overhead charges in unit costs.

Q. Mr. Allensworth, is this the figure which you have carried back to page No. 1?

A. It is. That total amount is carried to page 1 opposite to a similar title and it might be well to explain that this, of course, is the undistributed construction expenditures in the Company's reproduction cost statement assignable to distribution mains, services and meters, and, as I have explained before, it is a ratio of 15 percent on the total of labor and material items.

I have hereinbefore revealed the overheads on labor and material in the unit costs. The effect of the overhead charges in Company's reproduction cost, that is the sum total of overhead charges in unit costs and in undistributed

3420

[fol. 4162] construction expenditures produces—that is to say, the total overheads on labor alone in the three classifications here discussed, namely, mains, services and meters, and not including pavement over mains, that is, the total overheads and unit costs and indirect construction expenditures amount to 33½ per cent of the Company's direct labor cost.

The Company of course adds to all of these factors going concern value and working capital, so that the total effect of addition ratios in the Company's reproduction cost statement is an addition of 38¼ percent on the Company's direct labor cost.

The Company's overheads on material, that is, the overheads contained in unit costs and the undistributed construction expenditures, amounts to 20.1 percent. The combined ratios, that is, the total overheads in the Company's reproduction cost spread on both labor and material amounts to 24.8 percent.

Mr. Turner: What page are you reading from?

3445

[fol. 4163] HARRY R. ALLENSWORTH further testified:

By Commissioner Bricker:

Q. Have you the percentage figures on those various considerations, undistributed overheads; I mean handy there?

A. Yes, Your Honor, my allowance for undistributed construction expenditures is 15 percent. on the reproduction cost of all items excepting land.

By Mr. Huffman:

Q. That is your total?

A. Yes. In the case of land, the overhead allowance is 10 per cent. Now, for convenience I have divided that 15 per cent. allowance and the 10 per cent. allowance into these various items, and that division is on the basis of five per

cent. for engineering and supervision, 1 per cent. general and legal expense, 3 per cent. omissions and contingencies, 6 per cent. interest during construction. Taxes during construction is 4 per cent. on land only.

Q. 6 per cent. on interest during construction; that is 3446 2 per cent. a year.

A. No, I beg your pardon. That is on the basis of a three year consumption period, and on the fact that the construction program can so be arranged that capital going into the construction would not be idle for more than one year during the construction period.

Q. In other words, you have averaged it and figured it for the total amount; that would not be an average of more than one year of the total capitalization on which there would be interest drawn.

A. That is correct.

[fol. 4164] Q. Mr. Allensworth, what is the amount that you have included on page 2 of Exhibit No. 56 for undistributed construction expenditures, the grand total?

A. $590,947.

Q. And what is the total reproduction cost new including your undistributed construction expenditures set forth in the first column on page 2 of this exhibit?

A. $4,662,831.

4088

[fol. 4165] Cross-examination:

By Mr. Turner:

Q. Now what construction organization have you provided in your valuation in this case?

A. The necessary man-power——

Q. Oh, no, I don't want that; name them. That is an opinion, Mr. Allensworth. Give me the various officials or officers or foremen or what ever you call them and the number of them?

4089

[fol. 4166] Commissioner Geiger: Have you that set out on your exhibit?

The Witness: No, I have not. My construction organization upon which I have erected this appraisal perhaps will not answer directly the question from counsel. The total

number of man days required for the installation of mains——

Q. Oh, no, I asked for the organization, not the man days required. That is another subject. I want the personnel of the organization.

A. The organization and the man days——

Q. Oh, no; oh, no; the organization for construction?

A. May I ask then for a definition of "organization"? Just what does counsel mean?

Q. Yes, sir; I mean the same thing that Judge Hough meant in his opinion when he said, "In the theoretical reconstruction new of a natural gas system such as this, an organization would, of necessity, have to be provided, which would function during the period of construction. A further item has, therefore, been added by the Court called organization cost of construction. This includes a superintendent, two assistant superintendents, an engineer, an office manager, an auditor, a bookkeeper and assistants and other miscellaneous costs, figured upon a two year basis as a reasonable period of construction, amounts to $73,600.00."

That is the item that I am trying to get at.

A. I have no comparable item in my appraisal. I provide for those expenses in engineering and superintendence and in the gang supervision as set up in my unit cost detail.

Q. Have we any breakdown of that so that we can see how many superintendents you provide for or how many assistants?

4090

[fol. 4167] A. Not as to superintendents and assistants, but you have as to foremen, night watchmen, clerks and so forth.

Q. Yes, but I didn't ask anything about them; I asked only about superintendents, assistant superintendents, engineer, office manager, auditor, bookkeeper, and assistants.

A. No, sir.

Q. And other miscellaneous costs; those are the ones I am trying to get at.

A. No; I made no set-up of personnel for that branch of the work, that is covered in my allowance for engineering and superintendence.

Q. Well, we would like to have you set that up for us as you figured your appraisal?

A. Well, I have told you how I figured my appraisal. I don't separate that, Mr. Turner, for the same reason that I don't separate legal expense into stenographers' salaries and time of the lawyer and stationery cost and that sort of thing. I know from my knowledge as an engineer that reputable engineers would take the contract to engineer and superintend the construction of a property that would —the size of this—on the theory of reconstruction for five per cent. of the cost. I know engineers that will accept that work for less than five per cent. of the cost.

Q. And you know that most of them get ten, don't you?

A. I don't know that, no, sir.

Q. And where is your five per cent. or a figure comparable to that for these items to which I have just referred?

A. That is in my undistributed construction costs as designated in this appraisal.

Q. What is the total allowance for undistributed construction expenses in this case?

A. In round numbers about a half of a million dollars.

4091

[fol. 4168] Q. I am talking about the percentage; I meant to ask the percentage; what is your percentage?

A. The percentage totals 15 per cent. on practically all of the property.

Q. And you allowed in your Federal Court appraisal 18 per cent. for the same thing, did you not?

A. No, not for the same thing. I allowed—I think you are correct; I think my overhead allowance in the Federal Court case was 18 per cent., yes.

Q. And what did it include that is not included in your overhead expense here?

A. It included a larger amount for contingencies and omissions than I included in the Federal Court case—or than I included in this case I mean.

Q. What was your allowance there for contingencies and omissions?

A. Omissions and contingencies as I remember in my appraisal before the Federal Court was five per cent. of labor and material.

Q. And what is it here?

A. Three per cent.

Q. And what is the total breakdown of this 15 per cent?

A. I don't have any breakdown specifically, but for purposes of comparison with certain figures submitted by the Company I have divided my 15 per cent. into five per cent. for engineering and supervision, one per cent. for——

Q. That is the same as the Federal Court, isn't it?

A. I believe so.

Q. All right, now go ahead.

A. One per cent. for general and legal expense.

Q. That was the same as the Federal Court, wasn't it?

A. With a very specific qualification that I will make.

Q. All right.

A. Omissions and contingencies three per cent——

4092

[fol. 4169] Q. What was your Federal Court——

A. Interest during construction six per cent; taxes during construction was four per cent. on land only. However——

Q. You allowed in the Federal Court one per cent. on all, did you not?

A. How is that?

Q. You allowed in the Federal Court for taxes one per cent. on all property, did you not?

A. I suspect that may be true.

Q. And your omissions and contingencies in the Federal case was five per cent; all right.

A. However, my concept——

Q. Well, just at that point, and then give your concept, where then in this 15 per cent. in this case is the organization cost of construction which includes superintendents, assistants, engineer, office manager, auditors, bookkeepers and assistants such as Judge Hough referred to and added to your appraisal in the Federal Court case?

A. My allowance for that is included in engineering and supervision and general and legal expense totaling, on the basis of this comparison, six per cent.

Q. Well, but you allowed the same thing in the other case, did you not?

A. I believe so; I am not positive of that but I believe so. Now if I may——

Q. Go right ahead.

A. If I may——

Q. Well, you may.

A. I wish to state again and reiterate my statement in the Federal Court case, relative to these construction overheads that I made in the Federal Court case and all other cases in which I have testified that I remember of, and that is that my concept of the overhead cost of construction in the reproduction of this property would be 15 per cent. of the labor and material cost of construction with the excep-

4093

[fol. 4170] tion of land. I have divided that for purposes of comparison into five per cent. for engineering and supervision, one per cent. general and legal expense, three per cent. omissions and contingencies, six per cent. for interest during construction. By that division I do not wish it understood that I state specifically that general and legal expense, for example, would be exactly one per cent., no more or no less. What I mean is that engineering and supervision would be five per cent., more or less; general and legal expense would be one per cent., more or less; omissions and contingencies would be three per cent., more or less; interest during construction would be six per cent., more or less; but the total would be not more than 15 per cent.

Q. In the accounts of what company have you examined to ascertain the data upon which you base your estimate of one per cent. for general and legal expense?

A. The records of a number of companies.

Q. Just name them please?

A. Oh, the Tri-State Telephone & Telegraph Company had a general and legal expense, as I remember, of about .3 of one per cent.

Q. For omissions and contingencies what company's records have you ever examined?

A. Omissions and contingencies are not revealed by any company's records that I know of.

Q. Well then what contractor's records have you ever examined to find that?

A. I have examined quite a number of contractors' records and——

Q. Name one of them.

A. I don't remember names now but——

Q. Well, what kind of work was it?

A. Oh, I examined a lot of contractors' records on excavation work.

Q. Whereabouts?

4094

[fols. 4171 & 4171a] A. In the Minnesota case particularly and in this locality.

Q. Well, give us some in this locality?

A. In telephone construction—yes, I will name one; the Postal Telegraph construction of conduit on High Street from Spring Street to Gay Street.

Q. What year?

A. It was about—I think it was in the early part of the summer of 1914.

Q. And what was the amount, the total amount of material.

A. I can't tell you that.

Q. And what was the amount of losses by reason of omissions and contingencies?

A. There were none.

Q. How do you know that when you cannot tell me the amount; is your memory better on one thing than another?

A. No, my memory is not better on one thing than on the other; I do remember specifically, Mr. Turner, that they had an expenditure for material; I do remember specifically that they had an expenditure for labor; I do not remember how much. I do know that they did not have an expenditure for contingencies.

Q. For omissions?

A. Or omissions.

Q. Why did you allow that?

A. I allowed—made an allowance for ommissions and contingencies because this is my appraisal; it is my figures of estimated cost and to lend added security and accuracy to my figures I made an addition of three per cent. to guard against any omissions that may have been made in my unit costs or to guard against any contingencies expense that is not included in my average performance on the construction of mains and services and meters.

[fol. 4172] Working Capital, Materials and Supplies

The Columbus Gas and Feul Company

484

[fol. 4173] Thursday Afternoon Session,
December 11, 1930.

and also—

Loy Welker, resuming the stand for further cross-examination, continued his testimony as follows:

Cross-examined by Mr. Butler:

Q. What have you allowed for working capital?

A. $226,000.

Q. Will you in your own way explain to the Commission why you make that allowance?

A. It is my judgment that that is a proper allowance to meet payroll costs occurring, to meet the necessary cash to purchase the material and supplies, discount bills, pay rental, and in general, all other bills and expenses that occur.

Q. Did you reach that amount through a sum of details?

A. I did not, Mr. Butler.

Q. How did you reach it? Just a matter of judgment?

A. A matter of judgment and experience of the amount that is necessary.

Q. When you speak of experience, you mean the experience of this particular company?

A. I do. I will say from my experience. I will change the answer to that question.

Q. That is what I am getting at.

A. It is the judgment based on my experience that this particular company should be allowed that much.

Q. You do not mean to say, or do you mean to say, that that is what the company actually is using as working capital?

485

[fol. 4174] A. I do not.

Q. And the best you can do for us is to express it in five per cent of the reproduction cost new less depreciation, without breaking it up?

A. That is correct. That also provides, as stated in the revised page 12, for a proper allowance for the warehouse

materials and supplies that are necessary to carry on the operating demands of the company.

By Commissioner Bricker:

Q. That is a five per cent figure?

A. It is five per cent of——

Q. Of the reproduction cost new?

A. Of the reproduction cost new. Pardon me just a minute.

Q. Was that figured prior to the time you took out the eighty thousand?

A. No, the figure I am using is the revised figure. Permit me just a minute to check this. That is on the reproduction cost new, depreciated, I believe.

Q. It is the depreciated figure?

A. Yes.

Q. In your allowance for working capital do you include the materials on hand?

A. I do not.

Q. That is a separate item?

A. That is a separate item.

Q. And you make a separate allowance for that?

A. I do.

Q. Where is that shown? Where do you make that allowance for materials on hand?

A. Let me correct myself on that answer.

Chairman Geiger? What is that exhibit you are working from?

Mr. Turner: No. 2. Look at your exhibit.

The Witness: I desire to change my answer. I do not include any allowance for warehouse materials on hand, only the shop equipment. This is not an amount added to the materials on hand.

[fol. 4175] Q. In other words, neither in working capital nor in your general set-up have you included materials on hand?

A. No, in cash working capital I have included an allowance that would cover the material on hand as well as more material that I would need in the more active period of the year.

Q. How much of the $230,000.00 working capital do you consider represents the necessary stock of materials and supplies?

A. I did not itemize it.

Q. Don't you think you ought to?

A. Not necessarily. It may need at certain times of the year more money in cash, and at other times of the year the demands may be for more of that allowance as material and supplies; in other words, when you purchase the material, you have got to pay for it; you will be converting the cash into material and supplies; or it might be at some other date you do not need that amount of material and supplies, but you may need that amount of cash.

Q. Well, the average for the year, the average for the year?

A. The average for the year allowance I have made is $229,000.00.

Q. Now, that is the whole working capital. I am talking about necessary stock of materials and supplies, the average for the year.

A. I have not itemized it.

[fol. 4175a] Q. If you cannot break it down, there is no use of my pursuing it further. In the last few years the company has purchased from consumers a great many meters?

A. That is my understanding.

1363

[fol. 4176] By Mr. Butler:

Q. Will you state as brieffy as you can the formula whereby you determine the amount of working capital allowed for you?

A. (Here witness refers to memorandum.)

1364

[fol. 4177] Q. I was hoping that you would just tell it to us rather than read it; probably we laymen could understand it a little better.

A. (No response.)

Q. Don't you thing you can tell your formula without referring to your notes?

A. Well, the answer will tie it in to what I have stated before and I don't know of any——

Q. I would like to have you tell it to us without examining your notes, but I don't insist if you prefer the notes, all right.

A. (No response.)

Mr. Turner: It is already in the record now.

The Witness: "Working capital in the amount of $226,000.00 is included in this appraisal and represents approximately five per cent. of the reproduction"—just reading from that report.

Q. You are just reading from that report?

A. Yes, it is it exactly.

Q. On what page is that?

A. On Page 11 of the testimony.

Q. Very well, if you are going to read it, I will not take any more time on that.

A. Am I entitled to answer to complete the question?

Mr. Turner: Let it go if he don't want it—let it go.

[fol. 4178] Cross-examination:

Chairman Geiger: How do you arrive at the 5 per cent. instead of any other per cent?

The Witness: 5 per cent. represents the amount of money in this appraisal as expressed as I believe $226,000.00; that in my judgment would be necessary to pay the bills and for the amount of material and supplies, such as pipe for extensions and to meet the monthly payrolls.

Chairman Geiger: Well, isn't there some way to get at it? I am not criticising that way at all, but could you find

1365

out what the items are that you require money on hand to take care of? It would occur to us at first that you just say five per cent., as some per cent. that has been arrived at some way and then try to fit it in for certain expenses. Now, could you go the other way around and find out what your expenses are for the payroll and pipe and so forth for the books of the company?

The Witness: I could——

Chairman Geiger: Could you find out what that per cent. is so that we will know?

The Witness: I could go over a period of years to get what rate of varying demand——

Chairman Geiger: All right.

The Witness: And then express that and it would come out about the same amount of money.

[fol. 4179] Chairman Geiger: All right, that is sufficient. Yours bills are paid monthly, are they not?

The Witness: The gas bills are collected monthly.

Chairman Geiger: Well, $225,000.00 for a period of 30 days would mean about $9,000.00 a day that you would need for working capital; is that right?

The Witness: Well, that would be on the assumption that you are averaging it over——

Chairman Geiger: 30 days.

The Witness: The mouth on a per diem basis which of course, is not my judgment. You might in a certain period of the year have to pay a large bill for the purchase of pipes. Take in the years 1927 and '29 when those extensions were made, it took a great deal of money to pay the bills.

1366

[fol. 4180] Chairman Geiger: Well, your books show any date, any year that it would average 5 per cent. or $275,000.00 is it?

Mr. Turner: No, just $226,000.

Chairman Geiger: Your books don't show that? All right, that is all.

Commissioner Bricker: What is your monthly payroll, Mr. Welker?

The Witness: I would have to ask Mr. Seyffert to answer that question; that would vary also with the summer construction season.

Chairman Geiger: As I understand this item of which you are speaking, that is the amount of money that you must have at hand to operate your company and have it constantly at hand?

The Witness: That is correct, to meet current bills and provide also for the material supplies.

Chairman Geiger: Yes, I understand.

The Witness: That is the stock and meters.

Chairman Geiger: But it is the current money, the current obligations.

The Witness: That is correct.

Commissioner Bricker: Tools, also, tool, supplies?

The Witness: Tools, supplies, all of that equipment that is cash working capital or supplies.

Mr. Turner: It may not be money, it may be tools or equipment, supplies.

Chairman Geiger: Well now, at the end of the month when you make the collection from your customers, the money you collect goes into that fund; the surplus is paid

1367

[fol. 4181] out and your fund is subject to replenishment from payment of receipts at the end of every month?

The Witness: Well, I don't know what you mean by the fund. Of course, the gas companies——

Chairman Geiger: I mean out of fund of $227,000,00 you are talking about.

Mr. Turner: The revolving fund.

Chairman Geiger: It is what we are accustomed to consider as a rotating fund, subject to be replenished by your income and to be depleted by your outgo.

The Witness: That is correct.

[fol. 4182] By Mr. Butler:

Q. Well, Mr. Welker, how do you make these extensions and the construction of these expenses which go to capital account into your working capital?

A. I didn't get the extensions that go into capital account into my working capital.

Q. Well, I thought you said something that indicated that a while ago?

A. No, I meant, Mr. Butler, that I must always carry on hand an amount of pipe, meters, service line equipment. If it goes out today to meet a call of today, it must be replenished, figuratively speaking, tomorrow. That we may supply our warehouse men, the material should be constantly replenished.

Q. Well, that is for mere maintenance and not for your extensions?

A. Well, it is for whatever purpose your warehouse supplies are kept for, like——

Q. Well, you don't mean now, Mr. Welker, to say that the cost of pipe, the pipe that you carry for extensions figures in the working capital; that is taken care of by the

1368

[fol. 4183] capital account, isn't it?

A. Any pipe that is out in fixed capital is in the fixed capital account. There is always some pipe in the ware yard.

Chairman Geiger: Well, don't you put that in the inventory?

The Witness: No, sir.

Chairman Geiger: When is the pipe put in your inventory that you have got—when it is in place?

The Witness: When it is in place and is in an operating sense used and useful for service, as a part of the going plant.

Chairman Geiger: Then I understand broadly that nothing that is in your warehouse that has not yet been devoted to use would go into your inventory to make up your capital of property used and useful.

The Witness: That is correct.

Chairman Geiger: And if may be either carried in your working capital——

The Witness: That is correct.

Chairman Geiger: That would be partly money and partly material in the warehouse, that would be working capital.

The Witness: That is correct; so that the $226,000.00 does not provide just for cash; it provides for a great deal of warehouse supplies.

Chairman Geiger: But it does not happen that they get into two accounts.

The Witness: No, sir, there is no duplication.

Chairman Geiger: (Continuing:) Into an inventory in one way and the working capital another?

1369

[fol. 4184] The Witness: No, sir.

Chairman Geiger: All right.

[fol. 4185] By Mr. Butler:

Q. You spoke of tools; you have your tools inventoried, don't you, as a part of this inventory and appraisement?

A. Large tools and equipment that are part of the shop equipment might be appraised separately. I believe the word "tools" was used some by Mr. Bricker.

Commissioner Bricker: I think that account is designated "Tool and supply account".

The Witness: There is an account 256, known as "General tools and implements". Now, the tools and equipment that come under that account are priced. They are more in the nature of the fixed or in-place tools that belong in the shop.

Commissioner Bricker: Well, that would mean a more or less permanent investment in the larger tools that would not be replaced?

Mr. Turner: Yes.

The Witness: Consumed as you do work out on the property. If tomorrow you need 100 shovels and 100 picks——

Commissioner Bricker: That would enter into the account?

The Witness: That would come out of your working capital account.

Chairman Geiger: Well, assuming you are speaking of 100 picks and 100 shovels, they are in the tool and supply account and that is part of your working capital, is that correct?

The Witness: To the extent that I would have to buy any tools or material that I would need that are not set forth as the fixed tools, it would be in my working capital.

Chairman Geiger: Well, they would not carry such items

1370

[fol. 4186] as picks and shovels—or not.

The Witness: The working capital?

Chairman Geiger: Yes.

The Witness: Yes, I would have to provide for them out of that.

Chairman Geiger: Well now, you provide them and put them in the hands of workers who use them on the work on the construction.

The Witness: Out of the warehouse or out of working capital if I buy them.

Chairman Geiger: Then you took them out of working capital and put them into inventory?

The Witness: They would become, if they were tools, they would go into fixed capital, is that what you mean?

Chairman Geiger: Well, picks and shovels and things of that sort always stay in working capital?

The Witness: No.

Chairman Geiger: Where do they go after they get out of working capital?

The Witness: Well, there are small tools that are consumed.

Chairman Geiger: Well, during the process of construction, to what items do they belong?

The Witness: Well, they are just bought as a part of your tools and equipment——

Chairman Geiger: I see. All right.

The Witness: (Continuing:) For construction purposes.

Commissioner Bricker: Then you rebuild your funds, as those tools are used up, out of your revenue?

1371

[fol. 4187] The Witness: Exactly, your fund will have to meet the emergency calling for the new.

By Mr. Butler:

Q. Mr. Welker, is there some part of some one of these organizations that carries a joint supply or a joint storehouse of supplies for these various companies?

A. The Columbus Gas & Fuel carries a garage and warehouse as we have set forth in the inventory and to the extent that it is usable for more than the one company, that is the reason I have made this apportionment.

Q. Well, I am trying to get to the companies. I know you allocated it with the Fuel, that is a general use?

A. Yes, that is correct.

Q. But is there any company outside of those two in that that you know of?

A. I don't know of any company for the moment that I know of outside of the Columbus Company that carries these tools and supplies that we are talking about for the use of the Columbus Company.

Q. Well, is there a sort of a purchasing department for these various Ohio Companies?

A. Columbus group has a purchasing department.

Q. And when you say the Columbus group, whom do you mean?

A. I mean the Columbus Gas & Fuel Company and the Ohio Fuel Gas Company and the other similar companies.

Q. And the Federal Company?

A. And the Federal Gas & Fuel Company.

Q. And the Dayton?

A. No, the Dayton Companies would not be interested.

Q. Nor the Northwestern?

A. Yes, the Northwestern.

Q. Yes.

A. Is a company of the Columbus group.

1372

[fol. 4188] Q. And you have a joint purchasing department?

A. Yes, that group has a joint purchasing department.

Q. Do they carry any common storehouse?

A. No, not in that sense; there are quite a number of storehouses. For instance, the Columbus Gas & Fuel has a storehouse here and the Ohio Fuel Gas Company has a great number of storehouses at different locations in its operating field.

Q. Well, the Columbus Gas & Fuel Company's storehouse here is carried wholly on the books of the Columbus Gas & Fuel Company?

A. The ownership of it to my knowledge is carried on the books of the Columbus Gas & Fuel Company.

Q. And if anything is sent out of that to any of the other companies they simply get paid for it, is that the idea?

A. That is correct.

Q. Well, there isn't any organization that in itself carries a storehouse that has centralized bookkeeping and keeps tab on the things that are sent out to these companies of the Columbus group?

A. Well, each of these companies would have its own kind of materials and supplies and as there would be a transfer from one company to the other company, just as in the case of the Columbus to the Federal, why it would be accounted for, if that is the answer, and there is no one central warehouse in some one city.

Q. No central warehouse nowhere that is operated for the benefit of these companies of the Ohio group or the Columbus group?

A. I can not think of one warehouse.

Q. You see what I mean, Mr. Welker, to simplify it, from something that had been said, I assumed that there was some kind of an organization made up probably by agree-

1373

[fol. 4189] ment that did a lot of centralized buying and kept its books and then sent out to the various companies what they demanded and they were charged with that; that is what I am trying to find out?

A. Well, I believe I have answered the question.

Q. Yes, all right. Of this $226,000.00, how much do you allocate to cash to be kept on hands there and how much of supplies that are on hands?

A. I didn't make the allocation. As I said at different times it would have varied as to the part that would be cash and the part that would be supplies.

Q. In other words, it is not practical to make such a subdivision, that is from your point of view, they run in and overlap so that a subdivision would not mean anything?

A. I would not say that a subdivision would not mean anything.

Q. Well——

A. It looks more fair to express it as I have.

Q. I am just trying to get your idea.

A. (No Response.)

3446

[fol. 4190] You have included in that column on page 2 an amount for working capital including materials and supplies. Will you explain that figure?

A. Yes, sir. Opposite the title "Working capital including material and supplies" there appears the amount $80,000. That is my determination of the proper amount allowable as working capital for the Columbus Gas & Fuel Company as of December 31, 1929, for service within the city of Columbus. My determination——

By Commissioner Bricker:

Q. That is approximately 2 per cent. on your general property, minus the overheads, undistributed construction expenditure?

A. It may be, Your Honor. I don't conceive working capital in terms of ratios.

By Mr. Huffman:

Q. You mean, Mr. Allensworth, that you have not made this up according to such a percentage?

A. I have not.

3447

[fol. 4191] Harry R. Allensworth further testified:

Q. Will you proceed?

A. My determination of the working capital proceeds from a consideration of the operating expenses of the company, a determination of the amount of capital required to meet operating expenses, the amount of material and supplies it should have on hand to properly conduct its business. An analysis of the materials and supplies account of the Columbus Gas & Fuel Company for the year 1929 reveals that the total amount of material issued to the

Columbus Gas & Fuel Company for maintenance operating purposes was $19,984.59. Allowing the company three months' supplies and materials for operating purposes would make the operating material allowance in round figures $5000. The total operating expenses including accrual of taxes but not including amounts paid for gas purchased, taking one-eighth of the annual amount, that is to say allowing the company six weeks operating expenses or operating expenses over a period of three payrolls figures actually $67,247.

In the material and supplies account as analyzed there was no accounting for meters used in operation. I have made an allowance to cover that item. Making a study of the actual requirements of the company to determine from investigation of its accounts, produces an amount something like $80,000 a few thousand dollars less, and I have rounded that out to an even $80,000 figure as a proper allowance for working capital.

By Commissioner Geiger:

Q. You mean to say the company in its appraisement did not include anything for meters?

A. No, I didn't say that, Your Honor, please. What I

3448

[fol. 4192] said was my analysis of the accounting of the company; I analyzed the store room account and summarized the issuance of meters to the company for the year 1929, but in those accounts that I analyzed there was no meter account, so that in addition to the amount required for operating meters I have allowed an amount for meters to be turned over in the operation of the property. The sum of these considerations lead me to the determination of $80,000 as the proper amount allowable as working capital.

Q. And that amount includes materials and supplies, cash required for a six weeks' period——

A. Yes, sir.

Q. Including tax accruals?

A. Yes, sir. The material allowance was three months' allowance; the cash allowance is a six weeks' operating expense.

Mr. Turner: Where do you get the gas purchased, Mr. Huffman, some place else?

Mr. Huffman: The gas purchased, you say 1/8——

Mr. Turner: No, he excluded it.

The Witness: I didn't include anything for gas purchased in my allowance for working capital.

Q. Well, what was the 1/8 figure which you referred to, Mr. Allensworth?

A. That is operating expenses including accrual of taxes and not including gas purchased.

3449

[fols. 4193 & 4193a] By Commissioner Bricker:

Q. What is the reason, Mr. Allensworth, that you do not include in the amount for working capital including materials and supplies an amount sufficient for the purchase of gas, or make an allowance for that?

A. Because of the fact, Your Honor, that bills payable for gas purchased are not due until the 15th of the month following the month under which the gas was purchased.

Q. And it is paid for on the 10th?

A. How?

Q. When is it paid for?

A. The 15th.

Q. No, I mean by the consumer?

A. The consumer pays bills more or less continuously, the payment dates are scattered through the month, but the collection for gas distributed the month previous is in the hands of the company before the bill is due and payable for gas purchased; in other words, the consumer in paying his bill finances the company in its purchase of gas.

[fol. 4194] Annual Allowance for Depreciation

The Columbus Gas and Fuel Company

3571

[fol. 4195] ALLENSWORTH—direct examination:

By Mr. Huffman:

Q. What, if anything, is the relation between accrued depreciation and the annual charge for depreciation or depreciation expense, Mr. Allensworth?

A. The annual charge for depreciation cannot be properly determined without a knowledge of the rate at which

depreciation is accrued and a proper charge for depreciation should be based upon that.

Q. Then there is, in your opinion, a very definite relation between the two?

A. The two are, in my judgment, inseparable; one is a complement to the other.

3665

Q. What depreciation expense have you allowed?

A. The amount appearing opposite the title "Depreciation Expense" is $97,533.50. This is, in fact, 2¼ per cent of the reproduction cost new of the property used and useful as of December 31, 1929. More specifically, that is 2¼ per cent of the depreciable property—I should say the reproduction cost of the depreciable property used and useful as of December 31, 1929. In that the 2¼ per cent is

3666

the weighted average of a proper allowance as the annual charge for depreciation as an operating expense. Included therein is an annual charge of 25 per cent per year for depreciation of automobiles and trucks.

3704

[fol. 4196] Q. Mr. Allensworth, in discussing City's Exhibit No. 59, you stated that the balance sheet of the Company as of December 31, 1929, shows a depreciation reserve of $1,166,762.30; is that right?

A. Yes, sir.

Q. Well, does the Company, any place in its accounting or on its balance sheet, account for a depreciation fund?

A. It does not. The procedure of the Company is to charge as an operating expense, depreciation of plant and equipment, and the amount so charged is currently credited to depreciation reserve, a liability account on the liability side of the Company's balance sheet. Presumably, at least, when property is retired or investment in property expires,

3705

[fol. 4197] the property account is credited and depreciation reserve is charged. There is no accounting in the Company's detailed accounts nor in the Company's balance sheet for a depreciation fund that would balance the liability expressed by the depreciation reserve.

3706

[fol. 4198] In the income statement as revealed in what has been marked City's Exhibit No. 61, I account for depreciation, that is the annual charge for depreciation of

plant and equipment, including autos and trucks, in the amount $97,533.50. Inasmuch as some of this depreciation appears in the various expense accounts of the Company, in my correction of this Exhibit I show a credit for depreciation of garage equipment in the amount of $8,838.47 which is the amount charged to those various expense accounts for depreciation of autos and trucks allocated to the city of Columbus.

4049

[fol. 4199] Allensworth—cross-examination:

Q. Let me ask you, Mr. Allensworth, what is the difference, if any, between actual depreciation and theoretical depreciation?

A. To answer that question intelligently, Mr. Turner, you will have to tell me what you as a lawyer mean by "Actual depreciation", and what you mean by "Theoretical depreciation", and I will be very pleased to tell you the difference.

Q. Then let me ask you it this way, because I do not pose as an expert. Is this a correct distinction between the two, and are the observations correct:

"The terms 'actual depreciation' and 'theoretical depreciation' also require definition. Actual depreciation is the physical deterioration which has really taken place up to a given date. Actual depreciation is usually slow at the beginning of an asset's life and rapid at the end. Theoretical depreciation is the amount provided in the accounts any given date. Total actual depreciation and total theoretical depreciation over the whole life of the assets, should agree, but there is no reason why the two should agree at the end of any given year of the asset life, except the last. Depreciation charges are intended to spread the cost of the assets over the years of its usefulness in a more or less equitable manner, and this would not be accomplished if

4050

[fol. 4200] theoretical depreciation charges followed the curve of actual depreciation, for in that case, depreciation charges would be small during the early years, when the machine was at its maximum efficiency and large in the later years, when it was at its minimum efficiency. It is sometimes said that depreciation reserve should never ex-

ceed 50 per cent of the cost of the asset, because the property could not be used if it were 50 per cent depreciated. This statement seems to indicate a lack of distinction between actual and theoretical depreciation. The theoretical depreciation provided at any date is usually and properly in excess of the actual depreciation at that date. Otherwise, the later periods would be loaded with an entirely disproportionate expense. Moreover, theoretical depreciation must take into account the fact that when actual depreciation has reached say, the 50 per cent point so far as the working effectiveness is concerned, the loss on disposal may bring the actual depreciation up to far more than 50 per cent?''

A. What is the question.

Mr. Turner: Read the question.

(Question read.)

A. The observations are not correct in my understanding there—a correct distinction between the two.

Commissioner Bricker: What text is that?

Mr. Turner: Finney on Accounting, the official text used at the Ohio State University, Volume 2, Chapter 39, Page 3. It is also a Harvard Reference Book. The author is professor of accounting at Northwestern University, Editor of the Students Department of the Journal of Accountancy,

4051

with Haskins and Sells.

4184

[fol. 4201] Allensworth—redirect:

By Mr. Huffman:

Q. At page 4049 of the record counsel for the Company read a somewhat lengthy discussion from a text book which stated the differences between actual depreciation and the-

4185

[fol. 4202] oretical depreciation, and at the conclusion of the reading of this by counsel for the Company the question was asked: ''Then let me ask you it this way, because I do not pose as an expert. Is this a correct distinction between the two and are the observations correct——''

Mr. Turner: The only observation I have to make is that that preceded the question and followed some other ques-

tions when we were talking about theoretical depreciation, and the question was re-read.

By Mr. Huffman:

Q. And your answer was: "The observations are not correct in my understanding there"; and then a further statement, and then you said finally, "A correct distinction between the two". Do you at this time wish to make any further comment on that statement read from the text book by counsel for the Company?

A. Yes; the statement read by counsel was apparently read from a text book on accounting, and which text and discussion should be interpreted as limited to industrial or private corporation accounting. I should be greatly surprised if, at any place in this text, there would be found the statement that the theories there advanced were applicable in the accounting of depreciation of public utility property. The excerpt from the text read into the record by counsel for the Company might perhaps be true if limited to an industrial enterprise, the assets upon which depreciation is to be computed being comparatively few in number and of such character that depreciation accounting could, as a practical consideration, be kept for each individual asset; the theory expressed——

Commissioner Geiger: Don't you think that is long enough now?

[fols. 4203 & 4204] 4186

The Witness: Well, I would like to complete my statement if I may.

Commissioner Geiger: All right.

The Witness: The theory expressed in the quotation read by counsel does not apply to public utility depreciation accounting.

[fol. 4205] Load Building Expense

The Columbus Gas and Fuel Company)

[fol. 4206] SEYFFERT—Cross. 897

Q. Now, if you will please consider account 422, under

[fol. 4207] business promotion expense, salaries, which was 898

not started until 1927, on a meager amount, less than $2,000.00, and went to more than $33,000.00 in 1929.

A. We went through these accounts, and I considered the best way to show that to you was to give you a sort of a cross-section of a typical month, December, 1928, and also a typical month, December, 1929; and I have broken them down, showing the amount charged in that account for the year 1928, December, 1928, which amounted to $815.35, made up of quite a few items. Also the month of December, 1928, which included the portion of the salesmen's salaries, amounting to $1,635.00——

Chairman Geiger: Couldn't you state that in a general way? Why was there such an increase in this time, between 1927, when it stood at $1,654.00 and 1929, when it stands at $33,731.00? What was it? Increase in salaries or what?

The Witness: No, sir, increase in the activity of the department. The department was started in 1927 and was built up to this department in 1929, and this is the account of their department during that time, accounting for different sales activities and different load activities.

898

[fol. 4208] L. A. Seyffert further testified:

Q. Is this business promotion expense directed to the acquisition of new customers?

A. Well, it probably would be. It is directed toward all activities of increasing the company's business, not only to increasing the number of consumers, but to increasing the use of gas by the present consumers, and also the last few years it has had to be directed toward holding customers that we already had and to keep them burning as much gas as before, as the trend of consumption has been downward.

899

[fol. 4209] Commissioner Bricker: Just what have you done toward keeping them using as much gas as they did before?

The Witness: To get them to utilize gas; sell space heaters; get them to use gas for different purposes, hot water heating, and meeting the general competition with which the gas company is always confronted.

Mr. Turner: Let me ask you a question along Commissioner Bricker's line. Do you have men that go out and

adjust furnaces and make furnace layouts and things of that sort?

The Witness: Yes.

By Chairman Geiger:

Q. Just a word on there. Do you have a retail store in which you sell gas fixtures, stoves or other things that may be used for the consumption of your gas?

A. The Columbus Gas & Fuel Company does not have it. That is a separate company, the Gas & Electric Appliance Company.

Q. Is any part of this expense actually incurred in the handling of that retail business?

A. No, sir, that is separated. It stands on its own bottom.

Q. Any part of this expense incident to demonstrating or fitting or putting in gas consuming appliances that are sold through this separate company?

A. Not if it belonged to the other company. There is, of course, a natural amount of demonstration necessary to show the customer that he can use gas in his furnace. It might involve some of that.

Mr. Butler: He did not answer your other question.

(Question and answer read.)

By Mr. Turner:

Q. I notice on this list of comparative expenses between December, '28 and December '29, you have here in '29 sales engineer, division sales engineer, and district Engineer;

900

[fol. 4210] what do those men do if you know?

A. Well, I know in a general way that a sales engineer will go out and lay out a plant or endeavor to get a restaurant business or a heating job, and try to show the customer or prospective customer how he can use gas to an advantage.

Q. Now, you have seventeen salesman there. What do they do?

A. They try to sell load building appliances.

Chairman Geiger: What is that?

The Witness: Ranges and things like that do not build up our load, but if he sells a space heater, that does build up a load.

By Mr. Turner:

Q. Who handles that?

A. The Gas & Electric Appliance sell those, but a part of their salary is charged to this account for the load building activities.

Mr. Turner: That is what I wanted to draw out.

Commissioner Bricker: What is a space heater?

The Witness: A residence stove or a Humphrey heater which heats space.

By Chairman Geiger:

Q. Who makes a profit upon that sale?

A. The Gas & Electric Appliance makes it if there is any.

Q. Yet the public utility has to bear part of selling that on which it makes no profit?

A. Only in so far as it makes a load for the company. No merchandising company could sell goods the way we sell them and make a profit on them. The gas company has to go——

Q. "The way we sell it." What do you mean by that?

A. The way the Gas & Electric Appliance could sell it.

Q. Is that "we" or not?

A. The Gas & Electric Appliance belongs to the Columbia

901

[fol. 4211] Gas & Electric Corporation.

Mr. Turner: Does it make any money?

The Witness: It does not.

902

[fol. 4212] A. I would like to make a statement in answer to Judge Geiger. He makes the statement that we are underselling other merchants. We are not doing that. That organization does not cut the price of other merchants.

Q. If you do not do that, how do you explain that your merchandising company does not make any money?

A. If the Gas & Electric Appliance Company simply had to handle its business like any other merchant, like Lazarus or anyone else, they, of course, would not put out the sales effort that we put out to build the load. The utility is trying to build its load, and the Gas & Electric Appliance Company is just simply incidental to that. Now, we charge against the Gas & Electric Appliance Company all of the cost applicable to them. Having done it, they don't make

any money. We do make an effort beyond the selling of an appliance, to sell the kind of appliance that will build our load, and the profits of those efforts are very small. Perhaps a good deal of trouble is incurred trying to get a restaurant to use gas or a building or what not. The profit would be small and the expense would be large, and the expense is incurred for the purpose of load building, and not selling appliances.

Q. Now, those expenses appear in this account that is now under examination?

903

[fol. 4213] Mr. Turner: Some of them.

Q. In part?

A. Yes.

Q. And they are expenses incident to attaching business?

A. Yes, sir.

904

[fol. 4214] Q. This Gas & Electric Appliance Company is a corporation?

A. Yes.

905

[fol. 4215] Q. Of what state?

A. Ohio.

Q. Who owns this stock?

A. The Columbia Gas & Electric Corporation.

Q. Is it a company that serves the companies generally that are owned by the Columbia System?

A. Yes, sir, it is on that list.

Q. Yes, I assumed it was.

A. No. 6.

Q. How long has it been in operation?

A. About three years.

Q. Are you its treasurer?

A. I don't know—I am not, no, sir.

Q. Are its books kept under your direction?

A. No, sir.

Q. Who is its manager?

A. That comes under Mr. Gardner.

Q. Who is he?

A. He is the man in charge of new business activities of the Columbia Corporation. The local manager here of the Columbus group is Mr. Weston.

By Chairman Geiger:

Q. Where is it located, its general office?
A. New York.
Q. Its local office?
A. Local office for the Columbus group in Columbus.
Q. In your gas office?
A. In our office, yes sir.
Q. Do you charge it rent?
A. Yes, sir.
Q. It pays rent?
A. Yes.
Q. To you?
A. To us, to The Ohio Fuel Gas Company.

By Mr. Butler:

Q. Who are "Us"?
A. The Ohio Fuel Gas Company.

By Chairman Geiger:

Q. I just want one question. Do you regard it as a public utility?
A. No, sir.
Q. You do not?
A. No, sir.

906

[fol. 4216] Q. Provide merchandising proposition?
A. Yes, sir.

Chairman Geiger: All right.

By Mr. Butler:

Q. When you say it has not made money I assume that is hearsay pretty largely?
A. No, it is not.
Q. You have not kept its books.
A. We keep the local accounts which we transmit to New York.
Q. I know, but I am talking about the company?
A. Of course, I have not seen the company's—the total of the company's operations, but I am in close enough touch with the men to know that it has not made any money. I know our group has not.

Q. I imagine that approximates hearsay, doesn't it?
A. It is a little better than that.

By Chairman Geiger:

Q. Now, isn't this true? The purpose of the company which is to provide a merchandising branch of the Columbia Gas & Electric Company, is to sell to the public appliances which will consume gas and thereby enhance the profit of the local gas company? That is what you are mainly interested in? Is that correct?

A. That is what we are mainly interested in.

Q. This is a side line to sell things to the consumer that will promote the sale of our product to the public, that is, natural gas?

A. Yes, sir.

Q. So that it is of no particular consequence whether or not it makes money so far as its merchandising is concerned? It is backed by the whole gas company and its sole purpose is to be a servant of the gas company in promoting sales of gas?

A. The primary object of the Gas & Electric Appliance Company is to promote the sale of gas. If it don't do that,

906-A

[fol. 4217] there would be very little use of the gas company having an appliance department.

By Mr. Butler:

Q. Do they make a written contract with the Columbus Gas & Fuel Company?

A. For what purpose?

Q. For the sale of these appliances and the distribution expense?

A. No, sir, the Gas & Electric Appliance Company stands its own expenses.

Q. Aren't some of these divided?

A. Yes, some of them are divided. There is no contract to that effect.

Q. Who are the men who decide upon the allocations?

A. The officers of the respective companies.

Q. Oh, I know. Isn't there one man in the Columbus Gas & Fuel Company that does that?

A. I beg your pardon.

Q. Isn't there some man in the Columbus Gas & Fuel Company that speaks the word for that company in respect to the allocation of expenses?

A. Not any more than they do the other charges. The Gas & Electric Appliance Company is in the hands of Mr. Weston. He is looking out after his interests.

Q. I know he is.

A. The gas utilities are in the hands of competent managers. They are looking out for their interests. There is quite a little controversy on the allocation of these charges as between the two departments.

Q. I will accept that. Tell me the man who is looking out for the interests of the Columbus Gas & Fuel Company in this particular locality?

A. In the last analysis it would be the President of the company.

Q. What is the first analysis?

A. The first analysis starts with men like Weston and we will say Herman Hall here in Columbus.

907

[fol. 4218]. Q. Weston is over on the other side?

A. Yes, sir.

Mr. Butler: We will ask Herman to come in.

By Chairman Geiger:

Q. Who pays that portion of the salary of those people that are working for the private corporation that is proportioned or allotted to their service to that private corporation?

A. Who actually pays the man?

Q. Who pays the money to the person who makes that sale?

A. These salesmen, I think, are paid—I am pretty sure they are paid by the Ohio Fuel Gas Company. These would be paid by the Columbus Gas & Fuel Company.

Q. You mean the salesmen that sell the equipment that is used to consume the gas are paid by the Columbus Gas & Fuel Company?

A. Yes, sir, and that portion which belongs to the Gas & Electric Appliance Company is charged to them.

Q. They pay it back?

A. Yes, sir.

Q. Into the treasury of the Columbus Gas & Fuel Company?

A. Yes, sir.

[fol. 4219] Cross-examination:

Q. Who splits the amount to determine how much should be allocated to the different companies?

A. That is arranged by the managers of the different departments who try to get an equitable division of it, so that the Gas & Electric Appliance Company shall bear its proper share of the expense and the utility its proper share.

Q. Do those figures include the expenses of the man who do your company advertising, Columbus Gas & Fuel Company advertising?

A. These figures would only include advertising that was directly for load building. If there was advertising for such things as ranges, it would not be in here, because that would be a charge against the Gas & Electric Appliance Company.

908

[fol. 4220] Q. Mr. Seyffert, what I mean is this. Your company does advertising.

A. You are speaking of The Columbus Gas & Fuel?

Q. Yes.

A. It does some advertising.

Q. It does some advertising, and there are men who direct it and supervise it?

A. Yes, sir.

Q. Are there salaries included in this set-up which you have just handed us?

A. In so far only as it relates to load building activities. So far as it relates to Gas & Electric Appliance Company sales, it is charged to the Gas & Electric Appliance Company. If there is advertising for other purposes, not either load building activities or merchandise, it is charged to other accounts.

Q. Shall I assume that prior to 1928 there was practically nothing spent for the promotion of business or for business promotion expense?

A. I think there was very little spent directly for that purpose. Whatever there was spent for that purpose would, of course, appear in other accounts, because they did not have a department which they called new business

department. And as I explained before the activities of that department have increased tremendously in the last few years of necessity.

By Chairman Geiger:

Q. You are using a word there that I would like to have a little explanation of. You say it increased "tremendously" of necessity?

A. Yes, sir.

909

[fol. 4221] Q. Just what do you mean by that?

A. I mean that in order to try to get more business, to promote the business of this company, add new business, in order to get more volume and assist and help to make up its deficit that is occurring right along, it is taking a good deal of sales effort. We have also got to meet competition of coal and oil and coke and electricity. You have got to meet the competition of centralized laundries, delicatessens, apartment house centralization, all of which has a tendency to cut down consumption per consumer.

By Mr. Turner:

Q. May I ask a question there? Prior to 1928 were you advertising to get business at 40 cents per thousand?

A. We were not.

Q. Wasn't that the effective rate of the City Council of Columbus except as modified by Judge Hough?

A. Yes, sir.

Mr. Butler: I would rather he would not decide this rate case.

Q. Advertising for 40 cent gas; there wasn't any advertising for 40 cents gas?

A. No.

By Chairman Geiger:

Q. Your general picture is that as that gas price goes up it requires more advertising and soliciting to get people to use it than if the gas price went down?

A. I think that would be true of any commodity.

Q. The higher the price the more sales resistance?

A. The more sales effort it takes to get it and the larger the field of competition as well as other things.

Commissioner Bricker: General Turner's assumption then was that it was unprofitable to advertise for the sale of 40 cent gas?

910

[fols. 4222 & 4223] Mr. Turner: That is my thought.

Commissioner Bricker: By the reverse of that do you feel it is profitable for 48 cent gas?

The Witness: No, I don't think 48 cent gas is profitable. We have felt that some day this matter will be settled, and we have gone ahead in the last three years on that assumption of good faith and have given this city excellent service and have made extensions, and if we look at our balance sheet, we could not justify those extensions or the sale of gas at those prices. But we are going ahead with the general assumption that things will be adjusted so that we can go on and give the customers a good service.

3639

[fol. 4224] ALLENSWORTH—Direct examination:

Q. Opposite Commercial Expense you have $108,798.99; you may discuss that figure?

A. The amount shown opposite the title "Commercial Expense" in the amount of $108,798.99, is the amount revealed by the Company's records for commercial expense after allocation to the City of Columbus.

Q. Your figure here does not differ from that claimed by the company after allocation?

A. It does not.

Q. You may pass the New Business Expense and give us your interpretation of the figures set opposite that heading?

A. The amount appearing opposite the title "New Business Expense", namely $23,761.85, is my interpretation of the new business expense as revealed by the ledgers of the Company after allocation to the City of Columbus. The Company's books reveal charges to new business expense in the amount $52,658.05; that is for the Company as a whole before allocation to the City of Columbus.

During the year 1929 the salaries of quite a number of salesmen employed by The Gas & Electric Appliance Corporation engaged in selling gas appliances in this territory was charged to The Columbus Gas & Fuel Company in the amount $26,281.87. This amount has been excluded from new business expense for the purpose of this exhibit.

The amount appearing on the ledgers as charges to new business expense as before stated, is $52,658.05. Excluding salaries paid to employees of The Gas & Electric Appliance Corporation reduces this $52,658.05 to $26,376.18; that is for The Columbus Gas & Fuel Company as a whole. Allocating that amount, namely $26,376.18, to the City of Columbus, the resultant amount is the amount here shown

*3640

[fol. 4225] on page 1 of this exhibit opposite the title "New Business Expense", and appears in the amount $23,761.85.

Q. In arriving at this figure, Mr. Allensworth, I notice you have rejected the amount which was claimed by the Company for salaries of the sales force of the Appliance Company.

A. That is the amount that was paid by The Columbus Gas & Fuel Company for salesmen employed by The Gas & Electric Appliance Corporation.

Q. Well, do you consider the appliance sales business as a utility or non-utility business?

Mr. Turner: Objection; are you extending his expertness?

Commissioner Geiger: I think he is probably qualified to state that; he is an engineer.

Commissioner Bricker: I don't think there is any question in anybody's mind about it being a utility business; there is no relation between the two as far as that is concerned.

Mr. Huffman: He is giving his reasons.

Commissioner Bricker: I do not think it takes an expert to pass upon that question.

Mr. Huffman: I don't think so either.

Mr. Turner: Then my objection is well taken?

Commissioner Geiger: Objection sustained.

Mr. Huffman: Why, if Your Honors please, I can hardly see how, with all the longitude and latitude that the Company's witnesses indulged in——

Commissioner Geiger: You did not object or we would have sustained your objection. They are objecting and we sustain it.

Mr. Huffman: Note an exception.

3641

[fol. 4225a] Commissioner Bricker: The appliance business is not a utility business.

Commissioner Geiger: We will be governed by our own common sense on that, I think. Go on with the next question.

By Mr. Huffman:

Q. Is the expense of the gas appliance business a proper charge to operating expense of this company, in your opinion?

A. It is not.

Q. How should it be met and by whom, Mr. Allensworth?

A. The expense of selling such merchandise should be absorbed——

Commissioner Geiger: How is that?

The Witness: The expense of vending or selling such merchandise should be absorbed by The Gas & Electric Sales Corporation or The Gas & Electric Appliance Sales Corporation I think it is.

By Mr. Huffman:

Q. Well, should the revenues and the expense of a company of this sort in your opinion be kept absolutely separate from the accounts of the utility company?

Mr. Turner: Objection; I think that matter is clearly before the Commission; it is a matter of law and the Commission will pass upon it.

Commissioner Geiger: I do not understand that the Company is asserting that their costs and expenses of their merchandise business is a public utility business.

Mr. Turner: No, we have not, but there are certain expenses connected with that company that are absorbed as a part of the new business activities of The Columbus Gas & Fuel Company just as paying the payroll through one company, you save a lot of bookkeeping; and so, using these men for the double purpose, money is saved.

3642

[fol. 4226] Mr. Huffman: Yes, but at the expense of the consumer and we are rejecting that sort of a charge and we have a right to show why we reject it.

Commissioner Geiger: I think the general statement that you reject that charge because it is not a part of the public utility service, is quite sufficient and there is no use going into the matter of bookkeeping. As I understand this witness has asserted that there are charges there that are clearly to be allocated to the merchandise business. Now as far as eliminating those from the public utility service is concerned, he can state he does it for that reason, and that is sufficient, and we can go on to the next question.

Mr. Butler: Well, of course you get into a complicated situation there. Here come witnesses who testify extensively and give their reasons and include it and there is no attempt to keep out their reasons. Now I should think that it is rather dangerous and adverse to the City to insist that the City's witness can say only that he rejects it. If no explanation is to be made——

Commissioner Geiger: That was not the question at all; read the question.

(Question read.)

Commissioner Geiger: That is merely a question of bookkeeping and so forth. That don't affect whether it is kept separate or is separate.

Mr. Huffman: That expense of these appliance salesmen has been charged to operating the utility and the Company admits it.

Mr. Turner: Part of them.

3643

[fol. 4227] Commissioner Geiger: The only thing your question goes to is whether they should be kept separate, and that is not the final question. The final question is whether they should be considering the costs of operating the public utility. How you do or do not keep them is merely a matter of bookkeeping. Objection sustained, and go to the next question. The only question raised in the mind of the Commission is—he may say they are not proper to be charged in there, but we do not think it is enlightening for him to say they must be kept as separate accounts. That is a matter of detail.

Mr. Huffman: Note an exception.

By Mr. Huffman:

Q. Are the consumers of The Columbus Gas & Fuel Company, Mr. Allensworth, benefitted in the service which they receive by the salaries paid to these salesmen of the Sales Appliance Corporation?

A. No, sir.

Mr. Turner: Objection; that is for the Commission to pass upon and we make a motion to strike out the answer.

Commissioner Geiger: The motion to strike is overruled.

Mr. Turner: Note an exception.

Q. The inclusion of the salaries of these salesmen as an operating expense in a statement of expenses upon which the reasonableness of a gas rate is to be tested, amounts in fact, to the assessing of these amounts against the consumer, does it not, Mr. Allensworth?

Mr. Turner: Objection.

Commissioner Geiger: It is to be sustained on the ground that it is leading.

Mr. Turner: Oh, no; I withdrew any objection because it is leading.

3644

[fol. 4228] Commissioner Geiger: Objection sustained then.

Mr. Turner: I withdraw any objection to leading questions.

Commissioner Geiger: Objection sustained then without giving any reason.

Mr. Huffman: Note our exception and we would like to say for the record that if the witness were permitted to answer that his answer would have been yes, that it does amount to an assessing of these amounts against the consumer.

Mr. Turner: I am not going to take up any more time.

Commissioner Geiger: Go ahead with the next question.

By Mr. Huffman:

Q. Mr. Allensworth, should rate payers be compelled to pay for losses suffered by utilities from unprofitable merchandising operations?

A. No, sir.

Q. For those reasons and considerations then you have excluded all expense of salaries of salesmen for The Gas & Electric Appliance Corporation from the new business expense of the Columbus Gas & Fuel Company; is that right?

A. Yes, sir.

5626

[fol. 4229] L. A. SEYFFERT further testified on cross-examination:

Q. Within the item which you have included here for business promotion expense, have you included the expense of the sales and appliance corporation?

A. No, sir.

Q. Have you included that in this exhibit?

A. No, sir.

Q. Does this exhibit show as expense, the Columbus Gas & Fuel Company, the salaries or wages of any of the employees of the Sales Appliance Company?

A. It shows only the portion of any of those salaries, the portion of the salary which is applicable to load building. If an employee of the Appliance Department is used by the utility for promoting sales and load building, that portion of his salary would be included in this statement.

Q. Well, now, what would be the nature of his work in load building, as you term it, Mr. Seyffert?

A. Selling an appliance such as a furnace that took a

5627

[fol. 4230] good deal of work to sell and helped build the load of the company, build the sales, the primary object of which is to promote the sales of gas, not sales of merchandise, but sales of gas.

Q. Yes, but his business primarily is to sell equipment, isn't it?

A. No, sir, it is not. His business primarily is to build the load, help the company sell gas.

Q. But he is not going outside of his solicitations to sell this equipment and attempting to build load factors, is he, he is attempting to build it, you say, only through the sale of the equipment?

A. No, the sale of the equipment is incidental. He is trying to build up the load for the company. He does two things. Let's not misunderstand that. If he is out trying to sell a gas range, then perhaps he is out trying to

sell it for the appliance department and that portion of his salary representing such activity is charged to the appliance company. Now, when he is out trying to build the load, tell somebody how heating equipment or get an apartment to put in gas heating equipment, he spends a good deal of time on that and the sale of the appliance there is only incidental, it is a small part, and that effort used by him to sell the gas is represented by a charge to the utility for business promotion.

Q. What is the purpose of this sales corporation anyhow?

A. The Gas-Electric Appliance Corporation, you mean?

Q. Yes.

A. It is to sell appliances.

Q. Then is its primary purpose the same as that of this salesman to which you refer?

A. No, sir.

Q. Load building?

5628

[fol. 4231] A. If it were not for the load building and for the adding of gas sales to the company there would probably be no appliance department at all. However, it is divided up into two parts, that which deals more directly with selling of appliances where the sale of a gas range, for instance, that replaces another gas range and doesn't change the amount of gas sold, that sort of thing is called the appliance department, it is charged to the appliance department and any profit there may be on the sale of that is credited to the appliance department as against the expenses.

Now, on the other hand, the gas company is continually trying to build up its gas sales and a good deal of time is devoted to that which no company or no person would devote to it for the profit there might be in the appliance itself.

Q. Well, how do you apportion this expense of the sales appliance corporation to which you refer?

A. Well, the expense of the Sales Appliance Corporation doesn't appear in here at all, that goes against the Appliance Department.

Q. Where have you included the expense of these salesmen to whom you refer as your load building solicitors?

A. In this business promotion expense item.

Q. What amount have you included in that item of $28,753.34?

A. For what? For load building?

Q. Yes.

A. It is all, all the expense of the $28,000.00 is for that purpose.

Q. Is all of that salaries and wages?

A. No, there are other expenses.

Q. What are some of the other expenses that you have in connection with that item?

A. The expense of some of the installations and some of the other clerical work and all sorts of expenses that a

5629

[fols. 4232 & 4232a] company has, items of that sort.

Q. What expense of installation have you included there, Mr. Seyffert?

A. Well, I can't tell you just the details of all those divisions. I have told it to you in a general way, anything that pertains to the business promotion or rather to load building is in here.

Q. But the most of that item, would you say is made up of salaries and wages paid to these men whose primary purpose is to sell equipment, appliances?

A. No, I would not. There are perhaps other salaries of other people in there, no part of whose time might go to the Appliance department. I don't know the details, I can't give you the definite information about those things.

[fol. 4233] Gas Sales—Lost Gas

The Columbus Gas & Fuel Company

153

[fol. 4234] L. A. SEYFFERT further testified:

Q. Turn now to page 27, or the last page in the Exhibit, and explain the contents of that page.

A. This page shows the total amount of gas purchased and the total amount sold and used by the company in annual cycles beginning with the cycle ending December 31, 1924, and ending with the annual cycle ending December 31, 1929, thus showing a six year period. The percentage of

gas purchased to gas sold in the six year period is 106.5 per cent.

During this six year period the date of meter reading for the gas purchased was changed from November 30th to November 15th in the year 1926. Consequently the ratios as shown in the years ending November 30, 1926 to October 31, 1927, are affected by this two weeks change. In those years the gas purchased covers 11½ months, whereas the gas sales cover 12 months. Likewise, the total for six years covers 71½ months gas purchased and 72 months gas sold.

154

[fol. 4235] If 72 months gas purchased were used it would increase the percentage here shown. The year ending December 31, 1929, shows a ratio of 104 per cent. gas purchased to gas sold. This is caused by the inclusion in the sales for the year of additional units or districts.

In 1928 the company installed machine billing and restricted the city so that meter reading and billing could be continuous, placing the city in 21 different districts.

In 1929, as this system was perfected, it was found more units could be included in the current month's sale than was originally expected. In the year 1928 when this redistricting occurred there was a great lag in sales reported because of the change, and this after change in 1929, as explained, to some extent at least, offsets the opposite sort of a change in 1928.

This statement is shown in annual cycles because if shown on a monthly basis the variations from month to month are necessarily greater.

3631

[fol. 4236] HARRY R. ALLENSWORTH, further testified:

Q. Did you wish to explain here your treatment of lost gas?

A. Yes. The amounts revealed on this page as natural gas distributed in terms of thousand cubic feet, namely the first figure, at the top of the page, 5,848,495 M. cubic feet is the amount of gas accounted for by the company as distributed during the year 1929. The amount shown as the amount of gas purchased for resale, namely, 6,084,656 M. cubic feet is the amount accounted for as purchased for dis-

tribution, and after allocation to Columbus consumption the amount of gas actually distributed by the company or the amount of gas accounted for as distributed by the Columbus Gas & Fuel Company as a whole was an amount to which the amount of gas purchased for distribution bears the ratio of 3.97 per cent; in other words the ratio of gas accounted for during the year 1929 as distributed and the amount actually purchased by the company during that year, the amount of gas purchased during the year was 3.97 greater than the amount accounted for as distributed.

[fol. 4237] By Commissioner Bricker:

Q. Have you included in that amount the gas the company used for its own purposes?

A. Yes, a study over a ten year period reveals that the 3632

[fol. 4238] amount of gas purchased bears relation to the amount of gas distributed in the ratio of 4.58 per cent; in other words through a ten year period the amount of gas purchased was 4.6 per cent practically greater than the amount accounted for as distributed, in what has been marked or identified in this case as Company's Seyffert Exhibit No. 10 on page 3 of that exhibit.

Mr. Turner: I didn't catch the question.

Mr. Huffman: It is going to the question of lost gas, and he is merely explaining his deductions here in the matter of lost gas.

The Witness: In what has been introduced in this case as Company's Seyffert Exhibit No. 10, and on page 3 of that exhibit; now, turning to the lower part of the page there appears the item "Gas purchased", 5,848,495 M Cubic feet", which is the amount appearing as the first figure number on page 1 of what has been marked City's Exhibit No. 61. Then it shows that this amount is divided by 93.5, which division produces an amount 6,255,075 M cubic feet which the company says it would purchase if it were to distribute 5,848,495 M cubic feet. This is produced apparently from data that appears on page 27 of this exhibit, in which is revealed in the last column and the last item on that page the total for six year period, the ratio 106.5. If I remember the testimony of the witness introducing this exhibit correctly, the statement was made that on the average the

gas purchased bore a relation to gas distributed of 6½ per cent. That is not true, unless the particular definite period selected on page 27 of this exhibit is used to derive this amount. Secondly, after determining this alleged 6½ per cent ration the company then takes the complement of that

3633

[fol. 4239] account or 93½ per cent and makes an extension against the amount of gas actually sold or distributed within the City of Columbus for the calendar year 1929, and produces as before stated, an amount 6,255,075 M cubic feet, which is the amount the company claims it would have purchased to produce the amount of gas that was distributed during the year 1929. Now, the arithmetic is just plain wrong.

Mr. Turner: We object to this argument. That is for counsel. Let him state his finding.

Mr. Butler: Oh, I don't think it is necessarily——

Commissioner Geiger: Objection overruled, if you have an objection.

Mr. Turner: Note an exception.

The Witness: 93½ per cent divided into 5,848,425 does not produce or yield an amount that is 106½ per cent of that amount, namely, 5,848,495. The amount produced by the company, 6,255,075 M cubic feet, according to its own figures, should have been 6,228,647 M cubic feet, and the amount that it would have paid under the company's hypothesis as revealed on this page would become $2,802,891.15 as against the company's claim here of $2,814,783.75; and in the last column it makes a difference in cents per M cubic feet of gas; the correct figure would be 47.925 cents per M cubic feet as against 48.13 as shown in the company's exhibit.

[fol. 4240] Q. The actual experience of the company for the lost gas in the year 1929, Mr. Allensworth, was 3.97?

A. 3.97 per cent of the amount of gas accounted for as distributed, yes, sir.

4268

[fol. 4241] Q. Mr. Allensworth, since the last hearing here have you made or caused to be made under your supervision and investigation and study relative to gas distribution of The Columbus Gas & Fuel Company for the year 1929?

A. I have, yes, sir.

Q. Counsel for the company, as I recall it, at a previous hearing stated that the subject of distribution and claimed lost gas for the year 1929 was a simple matter, perhaps the adjustment of it would require about a half hour. Did you find that to be the case?

A. I did not. The work of investigating the records of the company and making an audit of the company's records of gas distributed consumed from a month to six weeks of from one to two men.

4269

Q. Now, directing your attention to what has been marked for the purpose of identification as City's Exhibit Number 69, I will ask you to state whether or not that is an exhibit of the nature which we have just mentioned?

A. Yes, what has been marked City's Exhibit Number 69 is an income statement of The Columbus Gas & Fuel Company for the calendar year 1929, based upon reported gas distribution and revenue for the twelve months period beginning December the 17th, 1928, ending December the 16th, 1929.

[fol. 4242] Q. That is the Exhibit which was prepared by you and under your direction?

A. Yes, sir.

Q. You may explain this exhibit.

Mr. Turner: May I ask a question? How much time did you spend yourself on this at the company's office?

Mr. Huffman: Oh, you may ask that later.

Mr. Turner: I think it ought to be asked now.

Mr. Huffman: You can cross-examine at the proper time.

Mr. Turner: We ought to find out who made the exhibit.

Commissioner Bricker: He testified it was made under his direction. I think that conforms to our rule. You can bring that out on cross-examination.

Mr. Turner: All right, I was simply thinking of when we introduced something that way, that is all.

Mr. Huffman: I am sorry if I failed to reciprocate, I try to be at least as kind as you are.

Q. All right, Mr. Allensworth, you may proceed to explain City's Exhibit No. 69?

A. During the year 1928, the Columbus Gas & Fuel Com-

4270

[fol. 4243] pany introduced machine bookkeeping to keep

its customer accounts. Incidental to the new bookkeeping methods customers were divided into 21 groups called accounting units. According to the Company's schedules, all the meters of a given accounting unit are read on the same day insofar as it may be practical to do so, bills for gas consumed by consumers in a given unit are sent out on the same day and payments for gas consumed by consumers in a given unit become due and payable on the same day. All operations connected with reading the meters, reporting gas bills and sending out bills to consumers are scheduled on a five-day week basis.

Theoretically, the company's customer accounting corps is occupied with the records of a different unit each day and, allowing for inequalities in the calendar, the meters of customers in a given accounting unit are read on the same day of the month, bills for gas consumed by consumers in a given accounting unit are rendered on the same day of the month and become due and payable on the same day of the month.

It was originally estimated by the company that more time would be required for computing and recording than was later found to be necessary, and the original schedule provided for reading the meters in accounting unit Number 1 on the 26th, unit Number 2 on the 27th, Number 3 on the 28th and Unit Number 4 on the 29th day of each month, and so on through the series of accounting units, making due allowance for Saturdays, Sundays and holidays, closing with the 21st unit on or about the 25th of each month, and the amount of gas thus accounted for as sold was treated in the company's records as the gas sales of one month.

4271

[fol. 4244] To illustrate the effect of this routine, the gas sales reported by the company for the month of January, 1929, includes the results of meter readings during, December 1928 for accounting units 1 to 4, inclusive, as well as the results of meter readings for accounting units to 21, inclusive, which were read during the month of January.

During 1929, it became apparent to the company that it would be possible to include the meter readings for the last reading day of each month in the reported gas sales for that month, and accordingly in November, 1929, the accounting routine was revised. Consequently, in the rec-

ord of gas sales for November, 1925, is included meter readings of accounting units Numbers 1, 2, 3 and 4, which readings were made during the last few days of October 1929, in accordance with the previous routine, and also readings of these same accounting units 1, 2, 3 and 4 made during the last few days of November, 1929.

Thus, it would seem that gas sales for the month of November, 1929, as revealed in the company's records includes two month's consumption of consumers comprised in accounting units 1, 2, 3, and 4. Under the original routine, the last reading of the meter in those four years would have been included in the record of gas sales for the month of December, 1929. From December 1st, 1929, forward the results of meter readings during any calendar month are counted as that month's gas sales in the company's record.

Because of the fact that meters through which gas purchased from the Ohio Fuel Gas Company is measured are read on the 16th of each month, I have adjusted gas sales 4272
[fol. 4245] to a 12 months' period, beginning December 17th, 1928, ending December 16th, 1929, that period being coincident with the 12th months' meter reading period of 1929 purchases of gas by the Columbus Gas & Fuel Company from the Ohio Fuel Gas Company.

In order to make this adjustment of meter reading dates, gas sales in terms of both M C. F. and money for each accounting unit for each month beginning with December, 1928, and including the month of January, 1930, are assembled. From this data is computed the number of days during which gas was delivered for each reading.

Referring now to page 11 of what has been marked City's Exhibit Number 69, on this page is revealed these details relative to accounting unit Number 1. It will be noted that this page is titled, "Columbus Gas & Fuel Company Valuation as of December 31, 1929, gas sales within the City of Columbus adjusted to cycle from December 17th, 1928, to December 16th, 1929, both inclusive, accounting unit Number 1". It will be noted that there is a general title, a general column heading I should say, over three columns, titled "Company's records", which is found over three columns, titled, "Number of days included", "M C. F." and "money". There is also a title over three other

columns reading, "Adjusted to cycle ended December 16th, 1929"——

Q. Now, are these figures actually taken from the books of the company?

A. They were, the figures in the first three columns, yes, sir. And under this second general column heading, namely, "Adjusted to cycle ending December 16th, 1929", is found three columns, first one headed, "Number of days included", the second one, "M C. F.", the third one "money" to the extreme left of the page will be observed

4273

[fol. 4246] years and months indications, and the next column is titled "Reading date".

Referring now to the data herein appearing specifically, it will be noted that gas sales for the month of December, 1928, for accounting unit Number 1 are reported in the amount of 36,292 M. cubic feet, for which amount of gas $17,420.16 is reported as income incident thereto. Those figures are found in the first line of this page under the general title, "Company's records".

Gas sales for the month of December, 1928, that is, the 36,292 M. C. F. comprises 31 days of consumption of customers included in accounting Unit Number 1, which 31 day period ended November 26th, 1928, which date is revealed in the column titled, "Reading Date". The first day's consumption to be included in this study is that of December the 17th, 1928. Accordingly, December, 1928, gas sales reported for accounting unit Number 1 are disregarded and no figures appear opposite this item in the last three columns on this page.

Gas sales of accounting Unit Number 1 reported for the month of January, 1929, that is, the amount 41,105 M. C. F., appearing on this page as the second item under the general title "Company's records", and in the column headed, "M. C. F." comprises 30 days' consumption ending December the 26th, 1928, of which period only the last ten days, December the 17th, 1928, to December the 26th, inclusive, fall within the year ending December the 16th, 1929. Accordingly, only ten days' consumption, or one-third of 41,105 M. C. F., amounting to 13,702 M. C. F., and ten days' revenue, or one-third of $19,730.40, amounting to $6,576.96, appear opposite this item in the last two columns on this page.

4274

[fol. 4247] Gas sales for this unit reported for the month of February, 1929, comprise gas consumption for the 30 days ending January the 25th, 1929, which period falls wholly within the year ending December the 16th, 1929. Accordingly, the entire amounts reported as revealed on this page opposite the title "February" reading date, "January 25th" are included opposite the same item in the last two columns.

This explanation of gas sales for February applies to gas sales reported for each succeeding month up to and including both meter readings reported for November, 1929. The consumption reported for each of these months falls wholly within the year ending December the 16th, 1929.

Gas sales reported for the month of December, 1929, however, comprise consumption for the 34 days beginning November the 23rd and ending December the 26th, 1929, of which only the first 24 days consumption applies to the year ending December the 16th, 1929. According, of the total gas sales reported for this period, namely, 44,215 M. C. F., $21,223.20, only 24,134 or 31,211 M. C. F., $14,981.28, apply to the year ending December the 16th, 1929, and these are the amounts appearing on this page, in the last two columns opposite the title, "Reading date December the 26th". Therefore, adding to the gas sales reported between the months of February and November, 1929, both inclusive, totaling 331 days consumption, adding to that 315,387 M. C. F., or $115,256.16, the ten days of reported January, 1929, consumption, in the amount of 13,211. M. C. F. $6,576.96, and the 24 days of reported December, 1929, consumption, 31,211 M. C. F., $14,981.28, produces the correct total reported consumption for the 365 days from Decem-

4275

[fol. 4248] ber 17th, 1928, to December 16th, 1929, both inclusive. This corrected total appears on this page as the footings of the two columns at the left of the page, namely, 360,030 M. C. F. and $172,814.40.

The explanation given of this Page 11 of what has been marked City's Exhibit Number 69 applies to Pages 12 to 32, inclusive, and also to Pages 35 to 45, inclusive.

Q. But on Page Number 11 is for accounting unit Number 1, is it not?

A. Yes, sir.

Q. And Pages 12 to 32 are for the other units?

A. The other accounting units of consumers within the City of Columbus.

Q. Yes. And Pages 11 to 32, inclusive, as you say, apply to within the city?

A. Yes, sir.

Q. And Pages 35 to 45 apply to units without the city?

A. Outside the City of Columbus, yes, sir.

Q. Where do the summaries for within the city appear?

A. The summaried for the within the city data appears on Page 9.

Q. And for outside the city?

A. For outside the city appears on Page 34.

Q. I thought that was Page 33. Am I mistaken in my understanding on that?

A. Yes, I beg your pardon, I misread that. Page 33, not 34.

Q. Now, directing your attention to Page 34, Mr. Allensworth, will you please explain the amount set forth there and the adjustments?

A. Yes. I will do so by reference to Page 10, if you please. I am referring to Page 10 of this Exhibit. During the year 1929, the company included 13 meter readings for

4276

[fol. 4249] accounting units Numbers 1, 2, 3 and 4.

Q. This is for the adjustment within the city, is that correct, on Page 10?

A. Yes. I am going to refer to the other. To correct revenue from minimum charges and discounts and penalties I have on this Page 10 eliminated the amounts recorded during December, 1929, for these items for the four accounting units 1, 2, 3 and 4.

It will be noted, referring to the first column on this page, that the Company's records reveal revenue for minimum charges during the year 1929 in the amount $22,346.27. After corrections as just explained, this becomes $21,989.96.

Also referring to the second column on this page, it will be noted that the company's records reveal revenue from discounts and penalties during the year 1929, in the amount $36,389.14. After correcting this becomes $34,468.56.

This explanation applies to Page 34, the amounts appearing on Page 34 being for accounting units outside the City of Columbus.

Q. On what page do the summaries for pages 10 to 32, inclusive, appear?

A. Appear on Page 9.

Q. Will you please explain Page 9?

A. Page 9 is a summary of the summary amounts appearing on Pages 10 to 32, and at Page 32 a similar summary of Pages 34 to 45 will be found. I think that the figures appearing on this page, in view of previous explanations, should be self-explanatory.

Q. Page 9 applies to the summary of gas sales within the City?

A. Yes, sir.

Q. And Page 33 applies to the gas sales outside the city?

A. That is correct, yes, sir.

4277

[fol. 4250] Q. On Page 8, you have set forth a compilation of certain quantities and totals. Will you tell us the source of these and the reason for setting them out?

A. Yes. On Page 8 will be found a summary of detailed summaries appearing on Pages 9 and 33. On this page, it will be noted that under the general title, "M. C. F." there will be found a column titled "Quantities" and also a column titled "Per cent of total" and under the general title "money" will be found two columns, one totaled "amount", the other totaled "per cent of total", and it will be noted that the quantity of gas distributed within the City of Columbus revealed by the company's records from this study amounts to 5,671,659 M. C. F., and outside of the city, 821,934 M. C. F., making a total of 6,493,573.6 M. C. F., the quantity of gas distributed in the city, being 87.3423 per cent of the total gas distributed by the Columbus Gas & Fuel Company, and the amount distributed outside of the city being 12.6566 per cent of the total.

In the last two columns on this page is found similar data as to the money received for this gas. At the bottom of the page is found the corrected amounts for minimum charges and discounts and penalties.

Q. On which page of this exhibit, City Exhibit 69, do your general summaries appear?

A. On Page 1.

Q. You may discuss that page.

A. Directing attention to Page 1 of what has been marked City's Exhibit Number 69, this is the title "Income Statement, calendar year, 1929, natural gas distributed within the City of Columbus, adjusted to cycle December 17, 1928, to December 16th, 1929, both inclusive."

The first item on this page, it will be noted, is "Natural
4278
[fol. 4251] gas distributed, M. C. F." and opposite that appears the amount 5,571,639. This amount is brought forward from Page 8 and Column 1 of that page of this exhibit. The next title observed is "Gross revenue" and under that will be observed, "Gas revenue" in the amount $2,774,755.97, which amount is brought forward from Page 8 and appears as the third from the last item in the second column from the right on that page.

The next item, "Miscellaneous shop and other revenue", in the amount of $4,566.35 is the amount as revealed in the Company's book accounts.

The next figure is the total of the two previous dollar amounts.

[fol. 4252] The next item, "Gas purchased for re-sale", amounting to 5,955,221 M C. F., and dollars, $1,858,028.95; this amount is produced first by increasing the amount of gas accounted for as distributed, as shown in the first item on this page, namely, 5,671,639 by five per cent, which produces 5,955,221 M C. F.

A ten-year average for excess of gas purchased over the gas accounted for as distributed, Columbus Gas & Fuel Company, after correcting the amount reported by the company as gas distributed in 1929, is 5 per cent., and for that reason the amount of gas here opposite "purchased" is based upon gas volume 5 per cent in excess of the amount of gas distributed or as accounted for as distributed.

Q. And that is the average which you have arrived at over a ten-year period?

A. That is the average, the actual average from the company's records in the ten-year period after correcting the company's figures for 1929.

[fol. 4253] L. A. SEYFFERT further testified: 5181

Q. Mr. Seyffert, you are the same Mr. Seyffert who has been on the stand here before?

A. Yes, sir.

Q. I want to direct your attention to City Exhibit 61 and City Exhibit 69. Have you made computation to determine the percentage of lost gas for the year 1929 under

the method used by Mr. Allensworth in his former testimony at Page 3631, and based upon the amount of gas sold and the amount of gas purchased during that year as shown by Mr. Allensworth in City Exhibit 69?

A. Yes, sir.

Q. All right. Go ahead and explain your computations if you please.

A. In Exhibit 61 Mr. Allensworth used the actual amount of gas purchased, as shown by the books of the Company,

5182

[fol. 4254] to wit; 6,993,512 M C. F. By using a factor of 87.0043 he determined the purchases for the city to be 6,084,656 M C. F. He also shows the sales in the city for the year 1929, to wit: 5,848,495 M C. F. This amount was sales to customers and did not include gas used by the company. He then added to the 5,848,495 M C. F., 3,753 M C. F. used by the Company inside the city, which made a total of 5,852,248 M C. F. of gas sold and used by the Company inside the city. Applying this amount of gas sold and used against the purchases set up in his exhibit of 6,084,656 M C. F. he arrived at a figure of 3.97 per cent for lost gas. Mr. Allensworth had not taken into consideration four units which had been transferred from January to the preceeding December.

In City Exhibit 69, Mr. Allensworth has adjusted the sales of the company to the period from December 17, 1928, to December 16, 1929. He used this different period in order to eliminate the four units. These sales are set up on Page 8 of his Exhibit 69 where he shows the sales inside the city to be 5,671,639 M C. F., the sales outside the city 82,934.6 M C. F., or total sales for the entire company of 6,493,573.6 M C. F. This figure does not include the gas used by the company. Adding 10,622 M C. F. of gas used by the company makes a total of gas sold and used inside and outside the city of 6,504,195.6 M C. F.

Adding to the sales inside the city as found by Allensworth, the gas used by the company inside the city, 3,753 M C. F., makes a total of gas sold and used inside the city during the period, 5,675,392 M C. F. This produces the ratio of gas sold and used inside the city to gas sold and

5183

[fol. 4255] used in the entire system of 87.254 per cent. Had Mr. Allensworth applied this percentage to the gas

purchased during the same period as he did in preparing his Exhibit 61 he would have arrived at the amount of 6,102,357 M C. F. of gas purchased for sale inside the City of Columbus. The ratio of this amount of gas purchased for sale and use inside the city to the actual amount of gas sold and used inside the city; to wit: 5,675,392 M C. F., is 107.52 per cent. (If he had used the figures as shown by the company's books for the calendar year, 1929, and eliminated therefrom the four units which could have been done in a very short time, he would have obtained a ratio of purchases to sales of 108.29 per cent.) Instead of using the actual figures for purchases and sales for the period from December 17, 1928, to December 16, 1929, which he spent six weeks in getting and which showed a lost gas ratio of 107.52 per cent, Mr. Allensworth applied 105. per cent lost gas ratio in order to get the 5,955,221 M C. F. of gas purchased for resale shown on Page 1 of his Exhibit 69.

Mr. Butler: Mr. Turner, Mr. Seyffert seems to be reading from an Exhibit. If we had a copy, we would follow it.

Mr. Turner: I have only one copy here between Mr. Calland and myself. It is merely memoranda of figures.

Q. Mr. Allensworth testified that his five per cent ratio was developed by using figures over the ten-year period from 1920 to 1929 inclusive. Were there any unusual conditions in any of the years thus used by Mr. Allensworth?

A. Yes, sir.

Q. What years?

A. In the years 1920 and 1921 the records show that the

5184

[fol. 4256] company sold more gas than it purchased, which obviously is an error.

Q. Were you with the company in those years?

A. I was not.

Q. Are you able to explain the reason for that discrepancy?

A. I am not able to, no, sir.

Q. Why did you use six years in Seyffert Exhibit 10 rather than a longer period?

A. We used a six-year period because during this period the property was in our possession and we, therefore, knew about the operations of the company and the management.

We were never able to obtain any explanation of the distortion in the figures in some of the years prior to our ownership of the property. We took the six-year period and made no adjustments to the books, feeling that over that period of time small irregularities from year to year, or month to month would be eliminated and found that the average 106.5 used in Exhibit 10, was the most nearly correct figure we could obtain.

5358

[fol. 4257] Q. Referring to this lost or unaccounted for gas exhibit in the Federal Court case, counsel asked you what Judge Hough adopted and whether he adopted Mr. Allensworth's figures for ten years. Do you know what ten years those figures of Mr. Allensworth embraced?

A. Those were the ten years from 1915 to 1924.

Q. And included the years of 1920 and '21.

A. They did.

Q. Now, you do not know the cause of that distortion? I believe you said that before?

A. No, I do not.

Q. Do you know whether Mr. Allensworth made any statement in relation to such distortion in any of the papers or affidavits that he filed with Judge Hough or that were

5359

filed with Judge Hough?

A. I do.

Q. What was the effect of that statement? Can you give it?

A. The effect of the statement was that if the company sold more gas in any given year than it bought, it would be an absurd condition.

Q. Wasn't that absurd condition, using Mr. Allensworth's term, that absurd conclusion, using Mr. Allensworth's term, present in the 1920 and 1921 figures that Mr. Allensworth did use?

A. Yes, sir.

Q. And aren't they present in the figures that he has used in the ten years in this case?

A. They include the 1920 and '21.

4074

[fol. 4258] HARRY R. ALLENSWORTH further testified on cross-examination:

Q. Did you use an average for the amount of lost gas?

A. No, I did not.

Q. But you gave to the Commission an average over a ten year period, didn't you?

A. Yes, sir.

Q. What was the purpose of giving the average over a ten year period if you did not use it?

A. To show the claim of the company by taking the average over a six year period was unreasonable.

Q. What made it unreasonable?

A. The six year period selected by the company was the particular six years that would yield the highest amount lost.

Q. You took the ten years that would make the lowest?

A. No, I didn't take the ten years.

Q. In taking your ten year average you did, did you not?

A. In getting a ten year average I used ten years back of 1929, yes.

4075

[fol. 4259] Q. And the company used six, which were successive years, did they not?

A. I presume so.

Q. You checked them, didn't you?

A. As I remember it, they did. That is why I say I presume they did.

Q. Now, in the Federal case you had an average of 4.6, did you not?

A. I don't remember whether—I doubt it.

Q. You doubt it? Page 3893 of the Federal record, do you say you did not testify that the lost gas was 4.6 per cent? A. No, I didn't say that. I say those figures don't sound familiar.

Q. Don't sound familiar? I am asking you whether you deny it or not.

A. I neither deny or affirm. I tell you I don't know.

Mr. Turner: Is that sufficient, Your Honors, for impeachment purposes? I won't pursue it if it is. All right, Judge Geiger shakes his head.

Commissioner Geiger: I am only acquiescing in your not pursuing it further. I am not passing on the effect of your testimony.

Mr. Turner: I thought you were. I thought that you had.

Commissioner Geiger: No, we are not giving any opinion.

Mr. Turner: I was asking whether or not it was a sufficient basis. If it is not I will pursue it further.

Commissioner Geiger: We didn't say that either. We only acquiesced——

Mr. Turner: I didn't say you said anything. I asked you and you shook or nodded your head yes.

The Witness: I have made no study of the lost or unaccounted for gas in Federal system in 1929.

4076

[fol. 4260] Q. I am not talking about Federal gas. I haven't said a word in all my examination about the Federal Company and I am not going to.

A. I thought the last question was.

Mr. Davies: You said the Federal Company.

Mr. Huffman: You said the Federal Company gas.

Mr. Turner: I apologize to all of you. Will that square it?

Mr. Butler: Yes, but don't let it occur again.

Q. In 1929 there were changes of collection periods, were there not?

A. I don't remember.

Q. Well, what is the probable effect, what would be the probable effect, of making changes in the collection period?

A. I don't know that there would be any effect, because I don't know what effect you are talking about now.

Q. Could you get the proper leakage factor unless you had the figures that really and truly reflected the whole year?

A. Yes, if your account of purchased gas was comparable to the account of gas sold.

Q. Didn't you use purchased gas for the whole year and sales for only part of the year?

A. No, I did not. If I did I am mistaken.

Q. If you did you are mistaken?

A. Yes.

Q. Now, would you be mistaken if you had used the purchased gas for a year and the sales for a period longer than a year?

A. Yes, but I don't think I did.

Q. You didn't personally make the examination, did you?

A. The examination was made under my personal direction.

Q. You can answer that question yes or no.

A. No, I didn't make it personally. The examination was made directly under my personal instruction.

4077
4100

[fol. 4261] By Mr. Turner:

Q. Now let us turn for a moment to the unaccounted-for gas; calling your attention to the fact that you did not use your ten year average of unaccounted-for gas but that you did use a flat figure of 3.97——

A. I beg your pardon, I didn't say anything like that either in my direct testimony or in any answer to any question of yours on cross examination. Now I will explain, to

4101

[fol. 4262] help you along——

Q. Yes, I need the help.

A. What I testified to was this, that I used in my exhibits the amount of gas that the Company reports on its books and the Company's witnesses testified to, as the amount of gas distributed for the calendar year 1929, and I used for the amount of gas purchased the amount revealed by the Company's books as the amount of gas purchased after allocation to consumption in the city of Columbus. Now the ratio of the two appears to be 3.97 per cent, as I remember it.

Q. Did you take into consideration the testimony given here regarding the 1929 figures as to why 3.97 should be obtained by using that?

A. There is no testimony in the record that I heard that says anything about 3.97 being obtained.

Q. Well, let us get at it this way; did you take into consideration the testimony in this case in respect of the unaccounted-for gas for 1929?

A. I don't remember of any testimony about unaccounted-for gas for 1929. However, I made my own investigation on that.

4102

[fol. 4263] Q. All right; all right. Did you take into consideration these questions and answers to be found at page 153 and 154 of the record in this case; the examination was on Exhibit No. 10, Seyffert Exhibit:

"Ques. Turn now to page 27, or the last page in the Exhibit, and explain the contents of that page.

"Ans. This page shows the total amount of gas purchased and the total amount sold and used by the company in annual cycles beginning with the cycle ending December 31, 1924, and ending with the annual cycle ending December, 31, 1929, thus showing a six year period. The percentage of gas purchased to gas sold in the six year period is 106.5 per cent.

"During this six year period the date of meter reading for the gas purchased was changed from November 30th to November 16th in the year 1926."

Catch that: that is two weeks more purchased gas than sold gas.

"Consequently the ratios as shown in the years ending November 30, 1926, to October 31, 1927, are affected by this two weeks change. In those years the gas purchased covers 11½ months, whereas the gas sales cover 12 months. Likewise, the total for six years covers 71½ months gas purchased and 72 months gas sold. If 72 months gas purchased were used it would increase the percentage here shown. The year ending December 31, 1929, shows a ratio of 104 per cent gas purchased to gas sold. This is caused by the inclusion in the sales for the year of additional units or districts."

Did you notice that or pay any attention to it?

A. Well, I had—the 4 per cent. in the testimony had

4103

[fol. 4264] escaped me. I made my own computations on that.

Q. Well, now, don't you know that the percentage of lost or unaccounted-for gas in 1929; if you had used the comparable period for purchases and sales, would have been 108.3?

A. No, I don't know that and I don't believe it.

Q. Well, will you be kind enough to make another investigation of it and check the Company's Exhibit No. 10, page 27, against the records and see if that is not true?

A. Why, no I won't do anything like that unless I am instructed to by my counsel. I have made a study of the amount of gas accounted for as purchased and the amount

of gas accounted for as sold, and I have accumulated those amounts in ten year cycles.

Q. Where is your Exhibit on it?

A. I have not made any Exhibit.

Q. Well, now, Mr. Allensworth——

Mr. Huffman: I will say to counsel we will check that and if we are wrong we will admit it.

By Mr. Turner:

Q. I am only asking him to check something that I am quite sure you are wrong on and I am quite sure you can figure it out correctly. You have taken, according to my information, you have taken figures that are not comparable. There is a two weeks period which is shown here in the testimony——

Mr. Huffman: We will check that.

Mr. Turner: That would be 4 units. That was caused by adding 4 units.

The Witness: Well, now, if counsel seems to—or inasmuch as counsel seems to be disposed to have me make that

4104

[fol. 4265] check I will be pleased to do so. But may I suggest that perhaps the Company might be wrong also?

By Mr. Turner:

Q. Well, the Company may be wrong but we would like to have you say whether the Company is wrong.

Mr. Huffman: We will be glad to look into that.

By Mr. Turner:

Q. Now, did you notice also in that same testimony to which I referred that Mr. Seyffert continues as follows:

"In 1928 the company installed machine billing and redistricted the city so that meter reading and billing could be continuous, placing the city in 21 different districts.

"In 1929, as this system was perfected, it was found more units could be included in the current month's sale than was originally expected. In the year 1928 when this redistricting occurred there was a great lag in sales reported because of the change, and this later change in 1929,

as explained, to some extent at least, offsets the opposite sort of a change in 1928.

"This statement is shown in annual cycles because if shown on a monthly basis the variations from month to month are necessarily greater."

Did you take that into consideration?

A. Yes, sir.

Q. Now——

A. Pardon me, I have not completed my answer; I took that into consideration together with the fact that the same witness testified that the amount of gas sold in the City of Columbus during the year 1925 was 5,848,495 thousand cubic feet.

[fol. 4266] Q. 1925?

A. 1929.

Q. You said 1925?

A. I beg pardon; I mean 1929.

4105

[fol. 4267] Q. Well, if your recheck should show that the unaccounted-for gas was something in excess of 103.97, or represented by such a figure, what would you say as to whether or not the new figure for the single year should be used?

A. Well, if there are any errors in the Company's books——

Q. No, no——

A. (Continuing:) Or the Company's statements, and if the witnesses testifying for the Company have been in error, that is the figures upon which I produce my Exhibit, of course I will be very happy to make the correction. Now if it should develop that there was some abnormal system about the year of 1929, my theory would be that an average amount of unaccounted-for gas should be used as the basis upon which to compute the cost of unaccounted-for gas. However, I took all of the facts that the counsel has read into the record in the questions, together with the testimony of many witnesses—or several witnesses of the Company, that in the last years—few years, this Company had been vigorously following a program of rehabilitating its property to prevent lost gas and if the consumers of the City are to be burdened with the expense of those rehabilitations and expense statement upon which rates are to be

tested, then surely the consumers should get the benefit of the improvement in the plant resulting therefrom. Now, if the plant has been greatly improved, as the testimony would seem to indicate, then the lost gas in 1929 should be less than it was in our average that we adopted in the Federal Court case, which was 4.4 or 4.6. Yesterday in a question you read the figure 4.6, and I would not quite remember it. I have not had the opportunity to look it up, but it was either 4.4 or 4.6 addition to gas distributed for

4106

[fol. 4268] lost gas or gas unaccounted for.

Q. At page 27 of the Company's Exhibit No. 10, at the bottom, it is stated there "change in reading date for gas purchased from November 30th to November 16th, thereby affecting the ratio of purchases to sales from November 1st, 1926, to October 31st, 1927, which means that there are 12 full months' sales with only 11½ months' purchases; cycles thereafter from the 16th to the 16th of each month."

Now, you would say that if the records of the Company showed more gas sold than purchased that it would be an absurdity would you not?

A. Well, the records of the Company do show that.

Q. Well, wouldn't that be an absurdity?

A. Not necessarily.

Q. You so termed it in the Federal case, didn't you?

A. Oh, no; I said it was absurdity for the Company to make certain deductions from those figures when they were opposite——

Q. All right; now——

Commissioner Geiger: Isn't this the truth about it, that it altogether depends on the measurement of the pressure under which the gas is measured? You might have a different pressure for gas you purchase and from the gas you sell?

The Witness: Oh, in all these figures there is an expansion from 10 ounce down to 4 ounce.

Commissioner Geiger: And that is all taken up in here?

The Witness: Yes; there is more gas passes through the customers' meters actually than there is measured at the measuring station, no doubt about that. But there is some gas unaccounted for in the operation of the business.

4107

[fol. 4269] By Mr. Turner:

Q. Mr. Allensworth, in your examination of the Company's records in respect of the 1929 unaccounted-for gas, I wish you would ascertain whether or not the adding of these units or districts did not increase the apparent sales by 212,423 M C. F. within the City?

A. When?

Q. In 1929; will you do that, please?

A. You are asking me to make an investigation?

Q. I am asking you in your check that is to be made by you of the 1929 unaccounted-for gas figures, that you ascertain whether, by reason of the addition of those units to which I have heretofore referred, there was not an apparent increase in sales of 212,423 M C. F. within the city?

A. Do I understand you, Mr. Turner, that amount over and above the 5,848,495 that your witnesses have testified to was sold in the City of Columbus in 1929?

Q. I don't think so; it is my understanding that if this 212,423 M C. F. which was added to the 1929 sales by virtue of taking in these other districts, be taken off, so as to get at the true amount of sales in 1929, the result will be that the ratio of M C. F. purchased to M C. F. sold and used will be 108.3?

A. Oh, then I understand that you wished me to make a check and determine whether or not the testimony of your witnesses is correct?

Q. No, no.

A. I will be very glad to do that.

Q. We will let the Commission do that, Mr. Allensworth, but——

Mr. Huffman: We will make that check.

By Mr. Turner:

Q. All we want you to do is what I have asked you in my question.

4108

[fol. 4270] A. Yes, I shall be pleased to do so, but——

Commissioner Geiger: Do I understand that you think, from the fact that certain gas was sold beyond the city limits, that it would change the ratio?

Mr. Turner: Oh, no, no, not at all, Your Honor.

Mr. Huffman: There is a baffle in here due to some additional units that we will try to figure out what the facts are.

Commissioner Bricker: And that the gas sold in those particular units was not in the gas purchased item?

Mr. Turner: In other words, the figures make it appear as if there was more gas sold than there was, because the cycle of sales is one thing and the cycle of purchases is another. They are not coincident. In order to get the comparison you must have the two cycles coincident and that is what we say was not properly observed in 1929. That is what we want Mr. Allensworth to investigate and see whether or not his assistant did or did not take into consideration this overlapping.

Mr. Huffman: That is rather baffling but we will see what we can ascertain from it, Mr. Turner.

Mr. Turner: Would you consider, A, B, C, or X, Y, Z, baffling?

Mr. Huffman: I don't think it is that plain.

Commissioner Geiger: X, Y, and Z are the baffling ones.

Mr. Turner: X used to be my baffling one.

By Mr. Turner:

Q. You were to bring in this ten year table that you have, upon which you found 4.4 or 4.6, whichever it was, were you not?

4109

[fol. 4271] A. I did not know that there was any such request.

Q. Well, now, please bear in mind that my memory may not be quite as good as yours.

Mr. Huffman: I don't believe that was asked for; I don't have a note of it.

Mr. Turner: I asked him to bring in the data in the table of the 10 year period that he figured for unaccounted for gas. I want to know what years he took into consideration.

The Witness: I took into consideration the data revealed on the Company's books for the years 1915, 1916, 1917, 1918, 1919, 1920, '21, '22, '23, '24, '25, '26, '27, '28, and '29.

Q. And '29?

A. Yes, sir.

Q. Now, you know of your own knowledge from prior investigations that there was a distortion of 1920 and 1921 do you not?

A. I remember some such circumstance but I don't remember specifically, Mr. Turner, whether there was in 1920 or 1921.

Q. Well, wasn't it both?

A. That I don't remember, but I do remember what you refer to as the distortion.

Q. You have included those two years of distortion in your present table, haven't you?

A. Yes, and I have also included the years that you have read in the record with the statement relative to changes in billing for subsequent years, and the purpose of a broader average as against a six year average is to eliminate the effect of those, or average out the effects of those distortions.

Q. You only used one year in your figures, did you not?

A. Only one what?

Q. You only used 1929 figures in making your estimate 4110 [fol. 4272] here in operating expenses?

A. Surely, but I supposed you were addressing your questions and remarks to a ten year study.

Q. Yes, but why the ten year study, if you did not use it?

A. To reveal to the Commission the fact that the six year average presented by the Company was not fair to the consumers.

Q. But is your ten year fair to anybody?

A. Well, the ten year average is more fair than a six year average, and is the extent of the data that I have in hand. If I remember rightly I used a ten year average in a former case of this Company.

Q. Well, where did you get that 4.4 average in the Federal case; not by taking 1920 and 1921, did you?

A. Oh, yes.

Q. Well, didn't you make corrections for 1920 and 1921 or either of them?

A. By averaging them in the total, as I remember it.

Q. And there was a distortion there in 1920?

A. Yes, and there was a distortion in other years the other way.

Q. In what other years?

A. You could not have a distortion in 1929 if the year preceding it or the year subsequent was not also distorted the other way.

Q. Yes, but I am talking about 1920 and 1921 now.

A. Yes, and you are talking about the effect of that on the average.

Q. Yes, and I am talking about the effect on the Company's records, that no reason could be found why those figures were so in 1920; isn't that a fact?

A. Why, one of the Company's witnesses testified as to why.

Q. No, no I want to know what you found; you made an investigation; what did you find?

A. I don't remember.

4111

[fol. 4273] Commissioner Geiger: Mr. Allensworth, just for our information here, while we think of something else, what is conceded to be the cause of the discrepancy of the gas purchased and gas sold; is it generally attributed to leakage in the distribution system?

The Witness: Yes. There would also be discrepancy in meter readings—if any.

Commissioner Geiger: Has there ever been worked out by any engineer a table that might connect the leakage of gas with the deterioration of the underground pipe; would that or would it not indicate anything about the depreciation that should be added to the underground pipe?

The Witness: That has been considered in some cases and has been testified to, I believe, by engineers but I don't believe that there is any relation definite enough to associate accrued depreciation with records of unaccounted-for gas. If I may, I will modify that by saying of course if there were an extreme condition where the gas could be observed by lighting it on the streets, that the gas was escaping, that might very well be taken into account.

Commissioner Geiger: As I recall the testimony it was to the effect that the Columbia Engineering & Management Corporation performed certain services here in 1927 which largely centered about improving conditions for the preventing of leakage. There may be a little mistake in that.

The Witness: Well, that is my memory of the testimony, Your Honor.

Commissioner Geiger: Well then, did you make any ex-

4112

[fol. 4274] amination, or did the books reveal, that after than Corporation performed that service for the local company that there was less leakage or less unaccounted-for gas?

The Witness: The records of the Company seemed to indicate that. Now, Mr. Turner, in his cross-examination, challenges the correctness of that assumption and——

Mr. Turner: Of course I sit by quietly and say nothing about what I was attempting to do.

Commissioner Geiger: All right, we have it in mind.

Mr. Turner: And the figures are all there on page 27 of Exhibit 10.

Commissioner Geiger: Just a moment about that, Mr. Allensworth; we note that at the period ending on October 31, 1929, the ratio of the gas purchased to the gas sold and used is 108; in November it is 104.7 and in December 104 even. Prior to October 31, 1929, for the period back to December 31, 1927, it is above 104. Is there anything that you have come to, to inform us why, for the long period of two years it was above 104 and that after November for the remaining months, it was practically 104; have you made an examination as to that?

The Witness: No; an examination, except an examination of property, if that is what you refer to, would be impossible.

Commissioner Geiger: Well, that is all then.

Mr. Turner: That is the examination we have asked him to make a report. I can say to Your Honor that the evidence will show that in November these four units were added and that is what causes the discrepancy here. We put the figures in just as they are and we have the explana-

4113

[fols. 4275 & 4276] tion here in the record and in the Exhibits.

[fol. 4277] Collar Leak Clamps

The Columbus Gas and Fuel Company

3422

[fol. 4278] ALLENSWORTH—Direct examination:

By Mr. Huffman:

Q. You may discuss the detail as set forth on page No. 3, Mr. Allensworth.

A. As hereinbefore explained, the amount appearing on page 2 are the same totals for the items there revealed in

3423

[fol. 4279] the mains, services and meters classification.

On page 3 of this exhibit there appears a similar cross summary of the company's claimed reproduction cost of mains in which statement the Company's claimed reproduction cost of collar leak clamps is segregated and shown separately. This page 3 reveals that in the Company's claimed reproduction cost of mains there is comprised the claimed reproduction cost of collar leak clamps associated with mains to the amount $114,474.07 after undistributed construction expenditures are added to the Company's claimed reproduction cost of materials and labor. To this amount there is of course added in the Company's reproduction cost appraisal 10 per cent for going concern value which produces going concern value on collar leak clamps to the amount of $11,447.41 and working capital to the amount of $4,814.66, which makes the total effect of collar leak clamps in the Company's reproduction cost appraisal $130,736.14.

It should be of interest to note that while the Company has included these collar leak clamps in this amount in its reproduction cost it also has charged as operating expenses during the year 1929 $61,725.50 for adding collar leak clamps.

An analysis of the work orders under which that work was performed reveals that practically all of that expense was incurred in the addition of collar leak clamps during the year 1929.

Q. Mr. Allensworth, do you mean to say that a duplication here exists and that these collar leak clamps have been charged to maintenance in the year 1929 and also included in the capital account which goes to make up the claimed rate base of the Company?

A. That is true; the collar leak clamps added in 1929 are

3424

[fol. 4280] included in operating expenses and then the same collar leak clamps are included in the inventory.

Q. Then on page 3 we find segregated from the Company's claim for distribution mains the amounts included for collar leak clamps?

A. Yes.

Q. Mr. Allensworth, tell us what a collar leak clamp is?

Commissioner Bricker: Just a moment; I was going to ask before you proceeded if that had been deducted on page 1 in your summation there?

The Witness: No, sir, it is not.

Commissioner Bricker: Have you included then all of the collar leak clamps on page 1 that are included within the distribution mains system?

The Witness: Yes, sir.

By Mr. Huffman:

Q. That is, you left them just as you found them, did you not; you used the Company's figures for that?

A. Yes, sir, this is an analysis of the Company's reproduction cost and has therein collar leak clamps; the cost thereof is analyzed in this exhibit.

Q. Tell us what a collar leak clamp is?

A. Perhaps the most applicable definition of a collar leak clamp that I happen to be familiar with is a leak stopper. It is a mechanical device used largely on cast iron pipe and in the form that it is used on cast iron pipe it consists of two split rings; the rings are split so that they may be put over the pipe; one-half of the clamp goes back of the bell on the cast iron pipe and the other half goes in front of the bell. A rubber gasket is inserted and bolts are passed through both rings and drawn up. The action is to clamp a rubber gasket against the lead joint in the

3425

[fol. 4281] cast iron pipe.

Commissioner Bricker: Well, is that item capitalizable or is it properly chargeable to maintenance?

The Witness: It is a repair. This Company has repaired its cast iron mains for a good many years by the addition of collar leak clamps. In fact, I think about a week or two ago they were repairing a main at the corner of Broad and Lazelle Alley where they were adding collar leak clamps to the joints in the cast iron pipe. It is a repair and it should be absorbed, in my opinion, as an operating expense. It is not a capitalizable item any more than is the labor used to repair a leak in a pipe, or would be the addition of a saddle to a main to repair a leak in the pipe.

Q. Well, according to your understanding, how are these costs of collar leak clamps actually absorbed by the Company in its method of accounting?

A. They have been absorbed as operating expenses.

Q. And they are charged to maintenance or to what account?

A. To maintenance, as I undertsand it.

Q. And do you say a number of collar leak clamps were installed in 1929 by The Columbus Gas & Fuel Company?

A. That is not revealed in the exhibit; that is revealed in an audit I made of the Company's accounts, there were a number installed in 1929.

Q. And what was the total cost of that installation?

A. The total charges on the work orders were $61,725.50.

Commissioner Bricker: Is that a recurring item?

The Witness: It occurs; not recurring in any one year. The Company seems to have taken spurts and they would

3426

[fol. 4282] install a lot of collar leak clamps and then there would be periods when no such maintenance was conducted and then after awhile they would install some more.

Commissioner Bricker: The figure would not be constant at all then?

The Witness: No, it has not been constant, Your Honor. There have been some years in the Company's experience when no collar leak clamps were added; there have been other years when a great many were added.

By Mr. Huffman:

Q. It is a highly fluctuating item then?

A. It has been in the experience of this Company, yes, sir.

4051

[fol. 4283] HARRY R. ALLENSWORTH further testified on cross-examination:

Q. • • • How many collar leak clamps are on this property?

A. I don't remember. They are in the inventory if I remember correctly.

Q. You find them in the inventory?
A. I have no inventory.

4052

[fol. 4284] Q. Well, you say they are there and we say they are not. That is getting down to an issue. I hand you company's Exhibit Number 2 and ask you for your assistance—there is no objection to your assistant helping you—to find them, collar leak clamps.

Commissioner Bricker: That is the item that you put in the base and he considered as expense?

Mr. Turner: You are anticipating me, Your Honor. We are just trying to find out. He has an item in his set-up as collar leak clamps that he says he is taking out.

The Witness: As I read the company's inventory, there are $27,562.00.

Q. At what page?
A. Page 212.

Mr. Butler: What exhibit?
Mr. Huffman: City Exhibit Number 6.
Mr. Turner: No, Exhibit Number 2.

Q. Where in that is there any reference to collar leak clamps?

A. The total at the bottom says, "Clamps for bell and spigot cast iron pipe," and to my understanding, that is a collar leak clamp. They appear in the number of 27,562, the alleged reproduction cost new being $99,542.67.

Q. If you should be mistaken about this being collar leak clamps, would your exhibits here in this case need revision?

4053

[fol. 4285] A. I am not mistaken. I saw possibly the last clamp for bell and spigot type by this company and it was a collar leak clamp.

Q. You still maintain that the item you have in your exhibit is collar leak clamps, do you?

A. They are leak clamps. You can leave out the "collar" if you want to.

Q. I want to know whether they are collar leak clamps?

A. Yes, they are what I designate collar leak clamps.

Q. Now you told Judge Geiger, I believe in answer to one of his questions that these went on cast iron pipes. Am I correct on that or did I misunderstand you?

A. Yes.

Q. Which is the yes to? Am I correct?

A. The designation of the company is clamps for bell and spigot cast iron pipe.

Q. Judge Geiger asked you the question as to what kind of pipes the collar leak clamps went on, and you said, as I understood it, cast iron pipe?

A. Yes.

Q. Where is the collar on a cast iron pipe?

A. The collar is the bell flange.

Q. Speaking of your taking out of the expenses for 1929 an item which you referred to as collar leak clamps, if it should develop that 25 per cent of those clamps, whatever kind they were, were new installations on pipe and were capitalized by the company in its accounts, would you have any correction to make in your set-up here?

A. No, I think the company would have been in error in putting it in their capital account if the work order under which they are installed is correct.

Q. Which governs, the work order or the fact of whether a thing is a betterment or improvement?

A. Well, the work order should truthfully state the circumstance of the expenditure, and if the accounts and the

4054

[fol. 4286] work order records of the company belie the fact, that is something I am not familiar with.

Q. Mr. Allensworth, I am referring to your Exhibit, being city Exhibit 58, on page 1, the second item on page 1, which is collar leak clamps, company's reproduction costs, $99,542.67. Now, where did you find that item in the company's valuation?

A. Pardon me, Mr. Turner. What Exhibit are you referring to?

Q. 58, City's 58, page 1.

A. The item that you refer to, Mr. Turner, is found on page 209 of what has been identified as company Welker Exhibit No. 2, under the designation "clamps for bell and spigot cast iron pipe" in the amount of $99,542.00.

Commissioner Geiger: What is it called there in that inventory?

The Witness: Clamps for bell and spigot cast iron pipe.

Commissioner Geiger: You have designated them as collar leak clamps?

The Witness: Yes, sir.

Commissioner Geiger: Could they be anything else than collar leak clamps?

The Witness: No, sir. In fact I got that designation from the company's own designation of the same clamps and the same kind of clamps in the case before the Federal Court. They were referred to all of the way through that case as collar leak clamps. The company's witnesses testified to collar leak clamps. They appear in this appraisal as clamps for bell and spigot cast iron pipe. I used the designation collar leak clamps, meaning the same thing.

Commissioner Geiger: Couldn't such a clamp be used on

4055

[fol. 4287] the wrought iron or steel pipe?

The Witness: Not the same clamp, but there is a clamp made for wrought iron and steel pipe.

Commissioner Geiger: Might some of this amount be those clamps that were put upon wrought iron and steel pipes instead of all on cast iron pipes?

The Witness: Not if the company's inventory is correct, because the company's inventory says, "Clamps for bell and spigot cast iron pipe."

Commissioner Geiger: Go ahead, Mr. Turner. Pardon me.

Q. Can you put a collar leak clamp on a cast iron pipe?

A. Yes, if——

Q. If what?

A. I am explaining. If a collar leak clamp—if the term "collar leak clamp" is taken to mean what I understand the company's engineers to have been talking about throughout their testimony before the Master in the Federal Court——

Q. We are talking about this case, and we have put a valuation in in this case, and you have assumed in your city's Exhibit 58, page 1, to take out $99,542.67 for collar leak clamps, and I ask you if a collar leak clamp can be put on a cast iron pipe?

A. Yes.

Q. How?

A. By clamping it on the cast iron pipe.

Q. A cast iron pipe has no collar has it?

A. Yes.

Commissioner Geiger: That is the one that has.

The Witness: The bell end of the pipe is a collar.

Commissioner Geiger: In the language of the engineers is a collar the joint between the two pipes, whether it be cast iron or wrought or steel? What do you call that band that has the screws in it, the threads in it, in case of wrought or steel?

4056

[fol. 4288] The Witness: Coupling.

Commissioner Geiger: Coupling?

The Witness: Yes.

Commissioner Geiger: It it a collar, too?

The Witness: It could not be designated a collar.

Commissioner Geiger: But the bell and the inserted pipe on cast iron is also called collar?

The Witness: It is referred to as a collar. In fact you heard an engineering witness refer to those bells as collars just last week.

Mr. Turner: When?

Commissioner Geiger: I think we are all in accord. It is just a matter of getting together on what your inventory means and what you mean. There may be a different meaning.

Mr. Turner: We just wanted to get it over to the Commission, and we will at the proper time, that there is no such a thing as a collar leak clamp on a cast iron pipe.

Commissioner Geiger: All right.

Q. Do collar leak clamps and other clamps cost the same?

A. Collar leak clamps vary in cost as to size, and clamps for wrought steel pipe vary as to size. I have no reason to believe that they would be identically the same price for the same size for the two different kind of clamps.

Commissioner Geiger: Now, let me ask just one question there to get this straight in my mind, Mr. Allensworth. Could the clamp that is referred to in their inventory, as you have designated it, be used on any other portion of the pipe than the joint?

The Witness: No, sir.

4057

[fol. 4289] Commissioner Geiger: Between two pipes?

The Witness: No, sir.

Q. How can you answer that if you don't know what it is?

A. Because the company's inventory says clamps for bell and spigot cast iron pipe.

Q. And you have translated that collar leak clamps?

A. Yes, sir, and I have seen the clamps on the pipe.

Commissioner Geiger: Let me ask this then. If that clamp be something different from what you have anticipated it to be, would there be any difference in your mind as to whether or not it should be eliminated from this inventory as you have shown on page 1 of your exhibit?

The Witness: No, not if it is repairs, for the reason that—the reason I have eliminated this from the inventory is that the company has these items twice in its presentation. They have them once in capital account, and secondly in what has been identified as Seyffert's Exhibit No. 10, all of the expense that was incurred in adding these clamps in 1929 is included in operating expense. They were not charged to capital in 1929.

Q. No part of them?

A. No, sir.

Commissioner Geiger: Your judgment is as to whether they are collar leak clamps or some other clamps that are put on there in the course of repairing a pipe, they should go out as you have designated them here; is that correct?

The Witness: That is my interpretation. If they are left in capital account, then the expense of adding them must come out of operating expenses.

Q. Now, Mr. Allenworth, if capital account has been 4058
[fol. 4290] credited or charged, whichever you say it should be, with the clamps in former years, would the repairing of those same parts in 1929 cause a duplication?

A. That would be a repair item.

Q. Well, that is how it was charged in 1929, wasn't it?

A. It was charged as an operating expense, but it was not charged as capital account in the years previous unless witnesses for the company were very badly mistaken in their testimony before the Master in the Federal Court.

Q. Now, let me ask you, did you make an investigation of the books of the company to see whether or not in prior years clamps on cast iron pipe had been capitalized?

A. Yes, I did in 1925.

Q. Well, I am talking about between 1925 and 1929.

A. I made an audit of 1929 and found out that they had not been charged to capital in 1929.

Q. Please listen to the question. If they had been charged to capital in any other year prior to 1929, would not the replacement in 1929 be properly chargeable to expense?

A. Why it would be properly chargeable to expense I contend whether they had been charged to capital account previously or not. That has nothing to do with the charge in 1929.

Q. Would the fact that the clamps installed in 1929 were approximately 75 per cent in amount in places where prior clamps have been used——

A. It would not change my attitude as to the operating expense feature, if that is your question.

Q. Do you think that a clamp on a cast iron pipe is a proper installation originally?

A. No, I don't.

Q. You can stop a leak on a cast iron pipe without a clamp, can't you?

A. Yes, by remaking the joint.

4059

[fol. 4291] Q. Can you stop a leak on a wrought iron pipe or steel pipe leaking at the collar without either taking the line apart at the joint or installing a collar leak clamp?

A. Certainly. I have done it myself many a time.

Q. On what lines have you done it in gas?

A. I have never done it on gas. I have done it on steam lines.

Q. When? In what year?

A. That I cannot tell you. I worked with my father from the time I was a boy. *I worked with my father. From the time I was a boy.* I used a caulking iron and a hammer.

Q. If you have forgotten the year you must have forgotten the incident?

A. No, I don't forget the circumstances, but I don't know the year.

Commissioner Geiger: That does not follow.

Mr. Turner: It may be a non sequitur, but it is cross-examination.

Q. Your father was doing what at that time?

A. My father was a mechanical engineer.

Q. He was installing what?

A. He installed all kinds of mechanical equipment. He was something of a specialist on laundry equipment and laundry installations.

Q. This was laundry equipment that you made this installation on?

A. I don't know whether it was or not. I didn't say I made any installation. If you want to pursue that, I will challenge any engineer to tell me whether they have ever seen a collar leak clamp on a steam line, and a steam line carries higher pressures than any gas line in this system.

Commissioner Geiger: Inasmuch as there seems to be a great quantity and value of these collar leak clamps, would 4060

[fol. 4292] you briefly describe what a collar leak clamp is? Is it a clamp that goes around against the bell?

The Witness: Yes, Your Honor.

Commissioner Geiger: And is screwed together?

The Witness: It is bolted together.

Commissioner Geiger: Bolted together?

The Witness: Yes, sir. The clamp—pardon me—one of the well known types of clamp comes in four semi-circles. Two of these semi-circles are bolted together, and they make a ring around the bell end of the pipe. Two of the semi-circles are bolted together and they make a ring around the spigot end of the pipe, or the pipe in front of the bell, and they have a rubber gasket between the ring that is in front of the bell, and through bolts go through both the rings. The tightening up of the bolts brings them together, and presses the gasket up against the lead in the joint, and that, if properly applied, does make a tight joint.

By the way I will try to bring a picture of the clamp into the hearing room at the first opportunity I get.

Mr. Turner: We can bring you in a clamp.

Q. Is there any other material that you can use other than rubber in clamps, in putting in clamps for steel or iron pipe, that is, a gasket material?

A. Oh, I have seen trade notices of composition——

Q. No, I want you to answer. You have had much experience.

Commissioner Geiger: Say yes or no.

The Witness: I don't know.

Commissioner Geiger: All right, that is all.

Q. Very well, then, we will leave that. You don't know 4061
[fol. 4293] whether a steam line can be stopped that way, do you?

A. A steam line can be stopped that way?

Q. How?

A. What way?

Q. With anything except rubber?

A. Yes, sir, many steam lines are stopped with gaskets other than rubber.

Q. How about gas?

A. In steam lines you will find copper gaskets.

Q. How about gas lines?

A. As I say, I have seen notices of composition gaskets.

Q. I just want your experience. That is broad enough for us.

A. I have already stated that I have not built any gas line.

* * * * * * *

4065

Q. You claim, do you not, to follow the courts and commissions in making your valuations?

A. I don't know that I claimed to follow courts and commissions specifically. I would say that I follow very generally the tendency of courts and commissions.

Q. In your appraisals do you reflect your judgment of the valuation or your interpretation of the courts or commissions' holdings as applied to your valuations?

A. Well, my appraisal is my opinion as an engineer. In one instance in this appraisal of the Columbus Gas & Fuel Company I stated in the record that I yielded to the opinion of Judge Hough in the Federal District Court as to the 4066
[fol. 4294] number of services per gang per day.

Q. Did you yield to Judge Hough in his opinion that the gas holder was allowable on the rate base?

A. No, and I challenge that statement because it was not Judge Hough's opinion that the gas holder should be allowed, because the question was not before Judge Hough in that form.

Q. He allowed $150,033.00, didn't he.

A. He did not.

Q. What did he allow?

A. That was included as an item of the total valuation that was allowed. The matter of the holder was not before the court as a separate consideration.

Q. It was not?

A. No.

Q. Speaking of that gas holder, was there gas in it the day you and Mr. Huffman examined it?

A. I presume it was gas. It was inflated with something, presumably gas. I did not open the valve to test to see whether it was or not.

Q. You made no investigation to see what use the company was making of that holder? A. Oh yes, I made investigation as to that.

Q. On that day?

A. On that day it was not being used by the company, it was idle.

Q. Was there gas in it?

A. Presumably so, yes.

Q. Speaking of following Judge Hough, Judge Hough allowed collar leak clamps as a capital item, did he not?

A. He did, but the Master excluded them.

Q. I am talking about Judge Hough now.

A. I am talking about Judge Hough.

Q. That is all we want to know about. The Master couldn't rule out Judge Hough.

A. How is that?

Q. The Master couldn't rule out Judge Hough?

A. No, but Judge Hough could do a lot of things and he

4067

[fol. 4295] did, and being as you have touched on that subject——

Q. I touched on it to the extent of asking you whether or not Judge Hough allowed it. That can be answered yes or no.

A. Yes, I answered it, yes, and I am going to explain the circumstances.

Q. Are you going to explain what was in Judge Hough's mind?

Commissioner Huffman: Let him explain.

Mr. Turner: There isn't any explanation.

The Witness: There is an explanation.

Commissioner Geiger: Did Judge Hough adhere to that first ruling?

The Witness: The Master excluded the collar leak clamps from the valuation in his report. Judge Hough had the matter under consideration, and he in his deliberations took up this matter of collar leak clamps with other things, and when it came time for the Judge to make up his final statement or opinion, he sent for me and I did all of the mathematical work that appears in that opinion. I did that for the court. And during the discussion of the case——

Q. Boy, you have opened up something. Go ahead. Interesting, if true.

A. It is the truth.

Q. I say it is interesting. We are beginning to——

A. During the discussion of the mathematics and computation, the Judge explained to me that he had made several allowances, that they might be all right, that they might not be. But so far as he could see, it didn't make any difference.

Mr. Turner: I don't think that is proper.

Commissioner Geiger: The objection is sustained. I

4068

[fol. 4296] asked if Judge Hough adhered to his original ruling that collar leak clamps were capitalized.

The Witness: Yes.

Commissioner Geiger: All right.

Q. Isn't this what Judge Hough said:

"The item designated collar leak clamps was carried in the company's appraisement, amounting to $144,842.00. This item was omitted in the city set-up, and also eliminated in the Master's finding. From an examination of the evidence in the case we find that collar leak clamps are devices coming into use in comparatively recent years, which are clamps used upon pipe joints to supplement the old methods of joining the pipes together and to prevent leakage."

You notice he said nothing about cast iron pipes.

"Extensive use of these clamps have been employed in the natural gas mains. The question arises whether this item of value should be classified as a repair or as a per-

manent improvement or betterment. The court is inclined to the latter view, which is in conflict with the claim of the city and the finding of the Master. This finding is therefore added to the present computation."

Isn't that the finding of Judge Hough?

A. It sounded like it, but——

Q. But—all right.

A. The Judge did not have before him the circumstances that this Commission has, where the company had those collar leak clamps in twice.

Mr. Turner: I will ask the Commission to have their engineers find them for us.

Mr. Butler: Yes, while they are doing that we should be 4069

[fol. 4297] very glad to have some things found, too.

Commissioner Geiger: Mr. Allensworth claims that those were put in once as an item of expense in restoring the pipe that was deteriorated, that it was carried as an expense item and paid for, and then it was put in as a capital account. Is that correct, Mr. Allensworth, substantially?

The Witness: Yes, sir.

Mr. Turner: He leaves out, if Your Honor please, the prior installation of clamps upon those pipes and the capitalization of those prior clamps. They were replacements. Now, we were not capitalizing the same thing twice or getting it twice. We capitalized, as I understand the accounting method, and I may be wrong—I am only being told now—we capitalized the clamps as originally put in. Then when we came to repairing those clamps and putting new clamps in in the place of old ones, we claimed that as an expense. Now, surely that is not claiming the same thing twice.

Mr. Huffman: I think the gentleman's explanation does carry them in twice.

Commissioner Geiger: The question would be, as Mr. Turner explains it, whether or not clamps were part of the original equipment to make a more firm joint. Now, that would be one thing. Then they would be capitalizable the same as the pipe itself. But if the pipe was put down and afterwards repaired by putting clamps, and that was charged to the expense account, then it is a little hard to

see how it should get into the capital account. What is the fact?

Mr. Turner: One statement more, and I think I will clear you at least as to our contention. Suppose the pipe were

4070

[fol. 4298] first installed without any clamps and then it was decided, when the clamps came out, that the line ought to be clamped? They proceeded to make what they considered a capital expenditure in clamping the lines. Now, after some of those clamps become worn they are replaced with other clamps. Now, I claim that the replacement with the other clamps is properly a charge to expense, to operating expense, that the first charge for the first clamps, although they were not installed simultaneously, may not have been installed simultaneously with the pipe, yet they were a betterment, a capital expenditure, and not properly a repair, the first time they put them on I do not call it a repair.

Commissioner Bricker: I do not think the record shows that this is a replacement of clamps that had been originally installed.

Mr. Turner: I think that it is shown in our inventories here.

Mr. Huffman: Even so, the gentleman's position is untenable that they should remain there in the original account as capital and then replaced and put in as maintenance, too, the original clamps have disappeared.

Mr. Turner: And others simply take their place.

Mr. Huffman: And they should be taken from capital account and left in maintenance?

Commissioner Bricker: They go into net additions after deducting the cost of the original installation.

Mr. Huffman: That is right.

Mr. Butler: Of course, General, when you present your facts we want someone to testify whom we may cross examine.

4071

[fol. 4299] Mr. Turner: Oh certainly. You had them on and we will put them back on if necessary.

Commissioner Bricker: I have no recollection of this fact as you stated it here being in the record. I may be wrong. There is lots of this that I have forgotten.

Mr. Turner: I may be wrong about it. They have been hammering all of these details into me, and I may assume it is in there.

Mr. Butler: I understand that. There is no criticism. I think we all err that way. It is hard to determine whether you heard it from your people or got it from the record. I am only calling attention to the fact that we do not think it is in the record.

Mr. Turner: But we will clear that up with witnesses.

Commissioner Geiger: Yes.

Mr. Turner: And we will also clear up the question.

3634

[fol. 4300] Q. That is the amount $1,078.32; does that include measuring, the expense of measuring?

A. Yes.

Q. Now, under distribution expense, will you please explain the figure which you have allowed?

A. Opposite the title distribution expense there appears the amount $111,220.05. This is my interpretation of the distribution expense of this company for the calendar year 1929 includable in a statement such as this for purpose of testing the fairness of natural gas rates. During December, 1929, work order No. 1739 was issued for the purpose of collecting the cost of putting clamps on leaking cast iron mains belonging to the Columbus Gas & Fuel Company. All charges incurred during the first half of the year 1929 were charged to account 401, distribution line equipment, maintenance of the Columbus Gas & Fuel Company. During the last half of the year, due no doubt to a misunderstanding, 28 per cent of the expenditures on this work order was erroneously allocated to the Federal Gas & Fuel Company in the amount of $13,440.19. Revising this allocation, the entire expense incurred on this work order during the year 1929 is revealed in the amount $61,725.50. This was a very large repair item, and was in fact really deferred maintenance, and consequently the entire amount thereof cannot properly be included in one year's operation for the purpose of testing the fairness of gas rates. In my interpretation of the company's account for this year, this extraordinary maintenance charge

3635

[fol. 4301] has been amortized over a period of five years,

which makes a net deduction in the operating expenses, that is as to the company-wide of $35,940.21.

3884

[fol. 4302] Mr. Turner: We understand you, Mr. Huffman, to mean that if the company had not paid the advanced price of 45 cents, there would have been a difference of $323,000.00?

Mr. Butler: If the company had paid what it legally should have paid.

Mr. Huffman: If it had paid 31.2 cents.

Mr. Turner: If it had not observed the other contract.

Mr. Huffman: That is right. That is the method by which the figure is arrived at.

Q. Under gas purchased expense, Mr. Allensworth, you have no difference as between the company book account and your interpretation in ctiy's exhibit 61?

A. No, sir, there is not.

Q. But under distribution expense, you have a sizable difference which I would like to have you explain.

A. Yes, sir. The difference there revealed is $28,426.04. This difference is due to the fact that the company charges operating expense during the year 1929, $61,725.50, maintenance expense for adding leak clamps to leaking mains, which is an item of extraordinary maintenance and should not in my opinion be loaded into operating expense for a single year for the purpose of testing the fairness of rates. According to my interpretation, this extraordinary repair item is amortized through five years. This together with heretofore explained minor corrections in certain book entries produces the difference here shown in this item,

3885

[fol. 4303] namely, $28,426.04.

May I suggest that the detailed discussion of the small item of corrections in book entries was discussed with reference to what has been marked City's Exhibit Number 61.

By Commissioner Bricker:

Q. There will be no continuing or recurring need for further use of collar leak clamps during the next five years?

A. Not on the joints that are clamped.

Q. Will there be any other joints necessarily clamped during that time?

A. I suspect they have got them about all clamped; I don't think there is many remaining to be clamped.

[fol. 4304] Co. Exhibit 2

Summary

Reproduction Cost New and Reproduction Cost New Value Less Depreciation as of December 31, 1929

Property for Service Within the City of Columbus

The Columbus Gas and Fuel Company

U.C.A. Acct. No.	Distribution System Property	Reproduction cost new	Depreciation	Reproduction cost new less depreciation
228	Land	$42,250	.....	$42,250
230	Rights of Way	5,072	.....	5,072
231	District Regulator Structures	10,847	.....	9,722
232	Other Distribution System Structures	18,166	.....	17,629
233	Gas Receivers & District Regulators	218,139	.....	176,260
234	Distribution Line Equipment	3,035,440	.....	2,515,478
235	Service Line Equipment	594,753	.....	459,744
236	Meters	458,902	.....	438,835
237	Installations			
238	House Regulators	16,957	.....	14,402
239	Other Distribution System Equipment	18,017	.....	17,513
	Total Distribution System Property	$4,418,543	$721,638	$3,696,905
	General Property			
245	Other General Land	52,380	.....	52,380
248	Other General Structures	102,15[illegible]	.....	101,836
249	General Office Equipment	33,902	.....	29,433
251	General Shop Equipment	18,68[illegible]	.....	15,788
256	General Tools & Implements			
263	General Garage Equipment	51,197	.....	39,511
	Total General Property	$258,316	$19,418	$238,898
	Total With Land & Rights of Way	4,676,859	.....	3,935,803
	Total Excluding Lands & Rights of Way	4,577,157	.....	3,836,101
	Undistributed Construction Expenditures			
258	Engineering & Superintendence During Construction	205,972	33,347	172,625
259	General Officers' & Clerks' Salaries During Construction	68,657	11,115	57,542
260	General Officers' & Clerks' Expenses During Construction			
261	Office Supplies & Expenses During Construction			
262	Law Expenses During Construction	45,772	7,411	38,361
265	Taxes During Construction	91,543	14,821	76,722
266	Interest During Construction	274,629	44,463	230,166
	Total Undistributed Construction Expenditures	$686,573	$111,157	$575,416
	Land & Rights of Way Plus 10% Undistributed Construction Expenditures	109,672	.....	109,672
	Total (Including Land, Rights of Way & Undistributed Construction Expenditures)	5,373,402	.....	4,521,189
	Going Concern Value	537,340	.....	537,340
	Cash Working Capital Inclusive of Allowance for Material and Supplies	226,000	.....	226,000
	Total Valuation	$6,136,742	$852,213	$5,284,529

[fol. 4305] Co. Exhibit 10

Amended Page 3 Introduced as Company Exhibit No. 205

The Columbus Gas & Fuel Company

Projected Income Statement Based on Actual Operations for Year Ended December 31, 1929, Assuming a Rate of $.48 Per M. C. F. With $.75 Minimum Charge and $.45 Per M. C. F. for Gas Purchased.

		Inside the city of Columbus	Average per M. C. F. sold
Operating Expenses:			
Purchased Gas Expense	$1,078.32		
Distribution Expense	141,534.62		
Utilization "	28,865.93		
Commercial "	108,798.99		
Business Promotion Expense	47,438.75		
General Administrative "	86,577.73		
Other General "	125,359.98	$539,654.32	
Depreciation		177,617.36	
Taxes:			
Property	$94,176.95		
Excise	34,150.96		
Public Utility Commission	1,343.63	129,671.54	
Return on Value of Property—8.0 Per Cent		429,167.92	
Total (Exclusive of Gas Purchased)		$1,276,111.14	$.2182
Gas Purchased (5,848,495 + 93.5 = 6,255,075 M @ .45 per M) (Includes Line Loss)		2,814,783.75	.481
Total Operating Expenses, Depreciation, Taxes, Return, and Gas Purchased		$4,090,894.89	$.6995
Operating Revenue:			
(5,848,495 M. C. F. Sold)			
Metered Domestic Sales	$2,241,573.51		
" Commercial "	433,983.17		
" Industrial "	126,161.63		
" Other Public "	23,810.88		
Discounts and Penalties	36,389.14	$2,861,918.33	$.4893
Annual Deficiency in Revenue		($1,228,976.56)	($.2102)

( ) Denotes red figures.

[fol. 4306] The Columbus Gas and Fuel Company

Statement Showing Number of Accounts, M. C. F. Gas Sold, and Amount of Revenue for Year Ended Dec. 31, 1929, for Entire System Inside and Outside the City of Columbus

	Entire System			Within the City of Columbus			Outside the City of Columbus		
Year ended Dec. 31, 1929	Number of Accounts	M. C. F. gas sold	Amount of revenue	Number of accounts	M. C. F. gas sold	Amount of revenue	Number of accounts	M. C. F. gas sold	Amount of revenue
January	58,961	774,385.6	$384,736.56	53,261	675,143	$328,188.39	5,700	99,242.6	$56,548.17
February	59,941	832,025.2	414,019.27	54,261	722,071	351,139.86	5,680	109,954.2	62,879.41
March	59,795	772,626.6	385,293.81	53,910	674,621	328,827.65	5,885	98,005.6	56,466.16
April	59,251	604,899.5	302,990.34	53,323	526,825	258,059.33	5,928	78,074.5	44,931.01
May	59,670	519,235.7	260,189.86	53,832	451,199	220,919.09	5,838	68,036.7	39,270.77
June	59,187	452,912.1	227,398.55	53,325	398,291	195,329.96	5,862	54,621.1	32,068.59
July	59,355	303,788.1	155,578.25	53,457	270,136	134,987.40	5,898	33,652.1	20,590.85
August	59,088	268,328.4	138,281.54	53,186	237,573	119,351.34	5,902	30,755.4	18,930.20
September	59,301	278,012.7	142,394.26	53,356	245,709	122,718.26	5,945	32,303.7	19,676.00
October	60,156	485,091.6	202,932.37	54,155	356,275	174,262.91	6,001	48,816.6	28,669.46
November	60,426	723,309.6	361,652.38	54,321	616,998	300,101.54	6,105	106,311.6	61,550.84
December	60,752	781,153.6	389,665.19	54,546	673,654	328,032.60	6,206	107,499.6	61,632.59
Customer Months				644,933					
Total....(Av'ge)	59,657	6,715,768.7	$3,365,132.38	(Av'ge) 53,744	5,848,495	$2,861,918.33	(Av'ge) 5,913	867,273.7	$503,214.05
Per cent of revenue			100.00			85.05			14.95
Average rate per M. C. F.			$.5011			$.4893			$.5802
Gas used by company		10,622			3,753			6,869	

	M. C. F.	Customers	
Domestic	4,623,373	49,499	
Commercial	907,235	4,059	
Public	49,606	130	
	5,580,214	53,688	103.9 M Per Annum
Industrial	268,281	56	
	5,848,495	53,744	

[fol. 4307] Unaccounted-for Gas

Page 27 shows the amount of gas purchased, and amount of gas sold and used, and the ratio of gas purchased to that sold and used, in annual cycles ending each month, from December 31, 1924 to December 31, 1929.

The cycles ending from November 30, 1926 to October 31, 1927 inclusive are affected by a change in the reading dates of the meters registering the gas purchased. Thus, in these years, and in the six-year average period, the gas purchased recorded is for one-half month shorter period than the sales.

[fol. 4308]

The Columbus Gas and Fuel Company

Entire System

Statement Showing Percentages of M. C. F. Purchased to M. C. F. Sold and Used for Six Years

Year ended	M. C. F. purchased	M. C. F. sold & used	Ratio of M.C.F. purchased to M. C. F. sold & used
Dec. 31, 1924	6,367,208	5,910,943	107.7
Jan. 31, 1925	6,260,647	5,870,392	106.6
Feb. 28, 1925	6,131,379	5,759,719	106.5
Mar. 31, 1925	6,038,559	5,646,146	107.0
Apr. 30, 1925	5,985,385	5,524,717	108.3
May 31, 1925	5,993,827	5,501,246	109.0
June 30, 1925	5,964,403	5,450,362	109.4
July 31, 1925	5,953,846	5,426,094	109.7
Aug. 31, 1925	5,951,506	5,418,570	109.8
Sept. 30, 1925	5,884,230	5,374,888	109.5
Oct. 31, 1925	5,992,691	5,391,736	111.1
Nov. 30, 1925	5,965,598	5,489,968	108.7
Dec. 31, 1925	5,896,466	5,429,152	108.6
Jan. 31, 1926	5,892,401	5,443,902	108.2
Feb. 28, 1926	5,915,946	5,492,462	107.7
Mar. 31, 1926	5,893,144	5,287,962	114.4
Apr. 30, 1926	6,043,791	5,476,505	110.4
May 31, 1926	5,989,185	5,554,432	107.8
June 30, 1926	6,043,249	5,576,785	108.4
July 31, 1926	6,076,848	5,622,198	108.1
Aug. 31, 1926	6,086,794	5,647,586	107.8
Sept. 30, 1926	6,132,353	5,667,874	108.2
Oct. 31, 1926	6,046,722	5,633,768	107.3
Nov. 30, 1926	5,753,425	5,573,211	103.2*
Dec. 31, 1926	5,668,308	5,558,343	102.0
Jan. 31, 1927	5,654,981	5,537,115	102.1
Feb. 28, 1927	5,679,512	5,475,795	103.7
Mar. 31, 1927	5,653,646	5,695,013	99.3
Apr. 30, 1927	5,592,794	5,543,973	100.9
May 31, 1927	5,652,745	5,499,842	102.8
June 30, 1927	5,733,999	5,547,799	103.4
July 31, 1927	5,741,783	5,563,802	103.2
Aug. 31, 1927	5,742,400	5,565,848	103.2
Sept. 30, 1927	5,740,624	5,592,542	102.6
Oct. 31, 1927	5,654,077	5,588,727	101.2
Nov. 30, 1927	5,883,255	5,532,601	106.3
Dec. 31, 1927	5,855,602	5,496,863	106.5
Jan. 31, 1928	5,902,322	5,520,838	106.9
Feb. 29, 1928	6,022,905	5,592,888	107.7
Mar. 31, 1928	6,161,645	5,689,359	108.3
Apr. 30, 1928	6,265,912	5,807,871	107.9
May 31, 1928	6,389,151	5,897,896	108.3
June 30, 1928	6,403,266	5,941,629	107.8
July 31, 1928	6,420,765	5,964,317	107.7
Aug. 31, 1928	6,448,543	5,959,282	108.2
Sept. 30, 1928	6,430,007	5,936,937	108.3
Oct. 31, 1928	6,527,723	5,987,857	109.0
Nov. 30, 1928	6,631,072	6,037,542	109.8
Dec. 31, 1928	6,734,263	6,116,124	110.1
Jan. 31, 1929	6,819,389	6,144,651	111.0
Feb. 28, 1929	6,906,978	6,265,411	110.2
Mar. 31, 1929	6,896,154	6,316,931	109.2
Apr. 30, 1929	6,827,900	6,256,428	109.1
May 31, 1929	6,810,441	6,220,086	109.5
June 30, 1929	6,838,688	6,256,372	109.3
July 31, 1929	6,858,286	6,261,788	109.5
Aug. 31, 1929	6,844,750	6,298,377	108.7
Sept. 30, 1929	6,855,952	6,326,482	108.4
Oct. 31, 1929	6,873,352	6,363,849	108.0
Nov. 30, 1929	6,903,286	6,592,600	104.7
Dec. 31, 1929	6,993,512	6,726,391	104.0
Total for six year period	37,515,359	35,237,819	106.5

* Change in reading date for gas purchased from November 30th to November 16th thereby affecting the ratio of purchases to sales from November 1st, 1926 to October 31st, 1927, which means that there are 12 full months sales with only 11½ months purchases. Cycles thereafter from the 16th to the 16th of each month.

[fol. 4309] Co. Exhibit No. 11

L. A. Seyffert, Treas., 99 North Front Street, Columbus, Ohio

Gas Contract

The Ohio Fuel Gas Company with The Columbus Gas and Fuel Company, The Federal Gas and Fuel Company

Agreement made as of the first day of July, 1929, between The Ohio Fuel Gas Company, a corporation of the State of Ohio (hereinafter called the Ohio Company), party of the first part, and The Columbus Gas and Fuel Company and The Federal Gas and Fuel Company, corporations of the State of Ohio (hereinafter called the Columbus Companies), parties of the second part.

Each of the Columbus Companies owns and operates a gas distributing system in and/or about the City of Columbus, Ohio. The Ohio Company owns gas producing properties, purchase contracts and transmission lines by means of which it is able to supply gas to said distributing systems. The Columbus Companies desire to purchase from the Ohio Company and the Ohio Company desires to sell to the Columbus Companies gas to provide for the requirements of said distributing systems.

In consideration of the premises and of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

1. The Ohio Company agrees to sell to the Columbus Companies, and the Columbus Companies jointly and severally agree to purchase and take from the Ohio Company, such quantity of gas as they may require for the use of their customers in and about the City of Columbus, Ohio, such quantity for the two Columbus Companies combined to be not less than 7,000,000 M cubic feet nor more than 10,000,000 M cubic feet during each year, so long as this agreement shall remain in effect, at the price of forty-five cents (45¢) for each one thousand cubic feet. Delivery by the Ohio Company and acceptance by the Columbus Companies of said annual amounts of gas shall be made in the following monthly percentages:

[fol. 4310] July	4½%
August	4½%
September	5 %
October	8 %
November	9½%
December	12 %
January	12½%
February	12½%
March	11 %
April	8½%
May	7 %
June	5 %
	100 %

with an allowable variation for each day's delivery so long as the amount taken in each day is between 80% of the minimum amount and 120% of the maximum amount deliverable during such day, according to the foregoing table, and an allowable variation for each month, so long as the amount taken in such month is between 90% of the minimum amount and 110% of the maximum amount deliverable during such month according to such table.

2. The gas delivered by the Ohio Company hereunder may at the option of the Ohio Company, be either natural, mixed or manufactured gas, and the Ohio Company reserves the right, in the case of natural gas, to extract therefrom for its own benefit, prior to delivery, the gasoline and other liquid or liquifiable constituents, provided, however, that the gas delivered hereunder shall at all times conform in all respects to the requirements of any franchise or franchises under which the Columbus Companies, or either of them, shall be operating at the time of such delivery.

3. The Ohio Company shall deliver said gas to the Columbus Companies at the various measuring stations now existing or hereafter established at or near the city limits of the city of Columbus. The Ohio Company shall not be required to make separate deliveries to the two Columbus Companies, but may deliver gas to the Columbus Companies jointly at any or all of said measuring stations. The Ohio Company shall own and maintain said measuring stations, orifice meters or such other standard types of

measuring devices as may be mutually agreed upon by the parties, and the volume of said gas shall be measured on a ten (10) ounce pressure basis above 14.4 pounds atmospheric, and, when measured through an orifice meter or Petct tube computation of the same shall be based on a temperature of 50 degrees Fahrenheit flowing and 60 degrees Fahrenheit storage, according to Boyle's Law for the measurement of gas at varying pressures, but without [fol. 4311] allowance for changes in temperature and barometric conditions from the aforesaid basis.

4. The Ohio Company shall cause the meters to be read daily or as often as may be necessary, and shall keep the cards, charts and any other records used in determining the deliveries of gas at its Columbus office available at all reasonable times for inspection by the authorized representatives of the Columbus Companies. Such representatives shall also have the right of constant access to the measuring stations at the city gates for the purpose of inspecting and witnessing tests of the measuring apparatus used therein.

5. On or after the first day of each month, but not later than the 12th day *of* thereof, the Ohio Company shall furnish to each of the Columbus Companies a statement of the total amount of gas sold to them under paragraph 1 hereof during the preceding month, and on or before the 20th day of each month, the Columbus Companies shall pay the Ohio Company, at its Columbus office, for all gas so delivered. Of the total amount payable by both of the Columbus Companies combined for any month's deliveries, each of the Columbus Companies shall be ultimately liable for that proportion which its sales billed during such month shall bear to the combined sales of the Columbus Companies billed during such month, as shown by their customers, meters, and, until the Columbus Companies shall have agreed on or settled as between themselves, and shall have paid to the Ohio Company, their respective proportions of such total amount the Columbus Companies shall be and remain jointly and severally liable to the Ohio Company for such total amount, or any unpaid portion thereof, without apportionment.

6. The Ohio Company shall have no dominion or control whatever over the gas after the same shall have been delivered as provided in this agreement, and shall be in no

way responsible or liable for or on account of any conduct, act or thing touching said gas after it passes the point of [fol. 4312] delivery. The Columbus Companies jointly and severally agree at all times and from time to time to hold the Ohio Company and any company which may deliver said gas to the Columbus Companies on behalf of the Ohio Company harmless from all liability and claims arising out of any conduct, act or thing touching said gas after delivery thereof to the Columbus Companies.

7. The Columbus Companies acknowledged that the Ohio Company is subject to other obligations to deliver gas and may in the future enter into further contracts with other companies and consumers for the sale and delivery of gas and agree that if the supply of gas which the Ohio Company is able to procure shall at any time become insufficient in volume or pressure to supply all of the consumers, wholesale and retail with which the Ohio Company now has or may hereafter have contracts or to whom it shall be under obligations to deliver gas, the gas furnished hereunder shall during all such times be a pro rata share of the gas available to the Ohio Company any pro rata distribution made by the Ohio Company in good faith to be final and conclusive upon all parties. The Columbus Companies acknowledge that the production and transportation of gas is subject to accidents, interruptions, diminution and failure and understand and agree that the Ohio Company does not by this agreement undertake to furnish an uninterrupted supply of gas at the pressure and for the period in this agreement provided but only to furnish such a supply of gas and at such a pressure and for such a period of time as its producing properties and facilities and purchase contracts and its pipe lines carrying the same are capable of furnishing and transporting subject always to such breaks, blow-outs washouts freeze up interruptions and accidents as are liable to happen in the gas business, but the Ohio Company agrees that upon any break, blow out, washout, freeze-up, or accident occurring in or to the wells or apparatus producing the gas, or in or to the pipe lines transporting the same it will with all possible rapidity and without undue delay repair or restore said wells apparatus or lines to their proper condition or to the best of its ability will cause the same to be restored or repaired. The Ohio Company shall not be liable, directly or indirectly, for any

loss, damage, or injury sustained by the Columbus Companies or either of them and resulting directly or indirectly from any shortage interruption or failure of the gas or [fol. 4313] diminution of the pressure thereof arising from any cause whatsoever, except such as arises from or is caused by the negligence or wilful default of the Ohio Company.

8. This agreement shall be effective as of midnight following June 30, 1929, and shall continue in force until midnight following June 30, 1930, and thereafter subject to cancellation and complete termination by any party upon not less than sixty (60) days written notice to each of the other parties.

9. This agreement shall bind and run in favor of the parties hereto and their respective successors and assigns, as fully as though such successors or assigns were original parties hereto.

10. This agreement, as of its time of going into effect, shall cancel and supersede the two agreements, each dated March 12, 1914, entered into between The Ohio Fuel Supply Company (predecessor of the Ohio Company) and The Columbus Gas and Fuel Company and The Federal Gas and Fuel Company, respectively, and all other contracts and agreements existing between any of the parties hereto with respect to the sale of gas by the Ohio Company to the Columbus Companies or either of them for distribution in or about the City of Columbus, Ohio.

11. This agreement is executed in triplicate.

In witness whereof, each of the parties hereto has caused its corporate name to be hereunto subscribed by its President or one of its Vice-Presidents and its corporate seal to be hereunto affixed and attested by its Secretary or one of its Assistant Secretaries as of the day and year first above written.

The Ohio Fuel Gas Company, by Raymond Cross, President. P. A. Alberty, Secretary.

The Columbus Gas & Fuel Company, by T. H. Kerr, Vice-President.

Attest: P. A. Balliet, Asst. Secretary.

The Federal Gas & Fuel Company, by T. H. Kerr, Vice-President.

Attest: P. A. Balliet, Asst. Secretary.

[fol. 4314] Co. Exhibit No. 12

L. A. Seyffert, Treas., 99 North Front Street, Columbus, Ohio

Articles of Agreement

This agreement made and entered into this 12 day of March, A. D. 1914, by and between The Ohio Fuel Supply Company, a corporation organized and created under the laws of the State of Ohio, hereinafter called The Ohio Company, as party of the first part, and The Columbus Gas and Fuel Company, likewise a corporation created and organized and existing under the laws of the State of Ohio, hereinafter called The Columbus Company, as party of the second part, witnesseth:

Whereas, The Columbus Company owns and is now operating a system of pipe lines occupying certain streets of the City of Columbus, Ohio, which said system of pipe lines is now being used by said Columbus Company as a natural gas distributing plant, and

Whereas, The Columbus Company by contract contemporaneous herewith has purchased and will take possession of and operate the natural gas distributing plants of The Ohio Fuel Supply Company within the corporate limits of the City of Columbus, Ohio, and in the Villages of Arlington Heights, Bexley, Linden Heights, and Worthington, and as part consideration of said contract has agreed to purchase from said Ohio Company natural gas for distribution to its consumers throughout such system, and

Whereas, the Ohio Company is the owner of natural gas fields in various counties in Ohio, and also obtains natural gas under contracts from other producers thereof, and as part consideration for the said sale of the distributing systems aforesaid has obligated itself to furnish natural gas to The Columbus Company, and The Columbus Company has obligated itself to purchase said natural gas from The Ohio Company.

Now, this agreement witnesseth:

First: The Ohio Company will sell and deliver to the Columbus Company, and The Columbus Company will purchase and take from The Ohio Company during the continu-

ance of this contract, subject to limitations hereinafter set forth all the natural gas requisite to supply the domestic consumers to be served by said Columbus Company within the corporate limits of The City of Columbus, Ohio, and along all distributing lines of said Columbus Company which now extend, or may hereafter be extended outside said corporate limits in that territory which may properly be classed as a part of the City of Columbus and its suburbs, and also all natural gas requisite to supply the domestic consumers in said Villages of Arlington Heights, Bexley, Linden Heights, and Worthington.

[fol. 4315] Second: Said natural gas shall be delivered and taken through one or more measuring stations at or near the city limits of Columbus, Ohio, at such place or places as may be mutually convenient. The amount of gas furnished and delivered hereunder shall be determined as follows: Readings of the Pitot tubes and pressure gauges hereinafter provided for shall be made at regular fifteen (15) minute intervals throughout the twenty-four (24) hours of each day, and duplicate statements of the readings shall be mailed daily to The Columbus Company and to The Ohio Company from such readings of the measuring tubes. The amount of natural gas furnished and delivered each month shall be computed on the basis of ten (10) ounce pressure above atmospheric at a temperature of sixty (60) degrees Fahrenheit, according to Boyle's law for the measurement of gas at varying pressures. This method of measurement is hereby adopted as the basis of measurement for the purposes of this contract; and payment for gas shall be made upon the monthly statements rendered by The Ohio Company to The Columbus Company showing the total computation of gas so measured during the month. Such gas shall be delivered by The Ohio Company at the points of delivery at a pressure of at least 50 pounds. The Pitot tubes for the measurement of the gas deliverable hereunder shall be of standard type.

The Ohio Company will erect or cause to be erected measuring stations at the agreed points of delivery; the apparatus and equipment to be installed and operated in said stations, and the character and efficiency thereof, shall be satisfactory to both parties. One-half (½) of the cost of erecting and equipping such stations shall be paid to The Ohio Company by the Columbus Company. Said sta-

tions, equipment, and apparatus shall be operated jointly by both parties, and the expense of operating and maintaining said stations, after the same shall have been completed, equipped and in working order, and the expense of checking the operation and registration of the measuring apparatus, shall be equally divided between the parties hereto.

Third: Neither of the parties hereto shall be liable for any failure to deliver or to take gas hereunder, insofar as such failure is due to the act of God, public enemies, strikes, riots, injunctions, interferences by legal proceedings, breakage or accidents to machinery or lines of pipes, washouts, earthquakes, fires, storms, freezing of lines or wells, sudden failure of gas wells, necessary repairs or alterations in lines of pipe or machinery, or any cause beyond the control of the party so failing to make delivery, or to take said gas.

[fol. 4316] Fourth: The Ohio Company shall have no dominion or control whatsoever over the natural gas after the same shall have been delivered, as aforesaid, and shall be in no way responsible or liable for or on account of any conduct, act of anything touching the said natural gas after it passes the point of delivery, and The Columbus Company shall at all times, and from time to time, keep free and save harmless The Ohio Company of and from all and all manner of claims, suits, and damages that may be made, brought or claimed for or on account of any conduct, act or thing touching said natural gas after delivery thereof to said Columbus Company.

Fifth: This contract shall commence on the first day of April 1914, and shall continue until the first day of April 1924, and thereafter so long as The Ohio Company, its successors or assigns, shall be able to furnish natural gas in quantities sufficient to supply one-half (½) of the domestic consumers of said Columbus Company, but in no event longer than twenty (20) years, or until April first, 1934.

The Ohio Company will use reasonable diligence in developing and drilling on gas leases and property from time to time controlled by it, and for the purpose of fulfilling its obligations hereunder and enabling it to deliver the amount of gas which in and by the terms hereof it undertakes and agrees to deliver, will build, provide, maintain and operate in good order, condition and manner such compressor sta-

tions, gathering lines, connections and other facilities as in its judgment may be necessary therefor and will use all reasonable diligence consistent with good business judgment to obtain and develop new gas leases and contracts for gas when the same become necessary in order to enable it to deliver gas under the terms of this contract, and such extensions, leases and contracts can be obtained on a basis profitable to the said Ohio Company, but the obligations of The Ohio Company to deliver, and the obligations of the Columbus Company to take the amounts of gas specified in the first paragraph hereof, shall at all times be limited to the amount of gas produced by The Ohio Company from gas fields then owned or leased by it, and gas purchased by it under contracts then current for the purchase of gas, which it shall have available for delivery hereunder, after fully supplying therefrom domestic consumers upon its own distributing system in the towns and cities now supplied by it in the State of Ohio, and the requirements of all contracts into which it has heretofore entered for the supply of gas or subsequent extensions or renewals thereof, except such extensions shall be only the [fol. 4317] ordinary growth and increase of consumption under said contracts, and in case of renewals of present contracts with other companies supplying natural gas to cities and towns in which The Ohio Company has not assumed the obligation by franchise or ordinance contract to supply consumers in said cities or towns through its own lines direct, said renewals shall be made subject to this contract.

The Ohio Company shall have the right in the usual course of its business to surrender, exchange, sell or otherwise dispose of any part of the gas properties now or hereafter owned or leased by it; should however, The Ohio Company sell its said properties as a whole, such sale shall be made subject to this agreement.

Insofar as the amount of gas available for delivery hereunder is at any time not sufficient to fully supply the requirements of the domestic consumers of The Columbus Company, The Columbus Company shall have the right to use natural gas obtained from other sources, or artificial gas obtained from others, or manufactured by itself. This right, however, is to be exercised only as follows:

In case of an anticipated shortage from time to time The Columbus Company shall give notice to The Ohio Company as to the estimated amount of gas needed for the next twelve (12) months to meet the requirements of its domestic consumers, and The Ohio Company shall have ninety (90) days after the receipt of such notice within which to begin to furnish said amount of gas; and thereafter, if there should at any time actually be a shortage in such supply by said Ohio Company to said Columbus Company, continuing for a period of thirty (30) days, the Columbus Company shall have the right to procure natural gas from other sources, or make preparation to furnish artificial gas for the purpose of making up the deficiency.

In the event of such shortage, as aforesaid, if arrangements to secure natural gas from other sources can be made by The Columbus Company, The Ohio Company shall be offered the opportunity to make such arrangements and if it is unwilling to make such arrangements upon the terms the Columbus Company can procure, or upon its own terms, and turn the gas over to The Columbus Company under this agreement, then The Columbus Company may make such arrangements for itself and thus secure, if possible, natural gas to make up the estimated deficiency.

In the event that The Ohio Company shall be unable to furnish an adequate supply of natural gas after notice, as aforesaid, and The Columbus Company constructs and operates a plant for the manufacture of artificial gas, of the [fol. 4318] size and capacity designed to furnish sufficient gas to supply the maximum deficiency between the amount of natural gas which The Ohio Company has shown itself able to supply, and the maximum amount of gas required by the consumers of The Columbus Company, The Columbus Company shall thereafter at all times have the right to operate said plant in part or in full capacity as it may deem expedient.

Sixth: The Columbus Company shall well and truly pay unto said Ohio Company for all natural gas delivered hereunder, the following prices, to wit:

For each and every thousand cubic feet of natural gas delivered during the first year of said term, the sum of fifteen (15) cents.

For each and every thousand cubic feet of natural gas delivered during the second year of said term, the sum of sixteen (16) cents.

For each and every thousand cubic feet of natural gas delivered during the third year of said term, the sum of sixteen and one-half (16½) cents.

For each and every thousand cubic feet of natural gas delivered during the fourth year of said term, the sum of seventeen cents (17).

For each and every thousand cubic feet of natural gas delivered during the fifth years of said term, the sum of seventeen and one-half (17½) cents.

For each and every thousand cubic feet of natural gas delivered during the remaining five (5) years of said ten (10) years, sixty (60%) per cent of the amount charged by the Columbus Company for such natural gas to its domestic consumers (less discounts, if discounts for prompt payment are allowed to consumers), but in no event to be less than eighteen (18) cents per thousand cubic feet for said natural gas.

For each and every thousand cubic feet of natural gas delivered after the expiration of said ten (10) years The Columbus Company shall pay The Ohio Company sixty-five per centum (65%) of the rates per thousand cubic feet charged by said Columbus Company to its domestic consumers in the city of Columbus (less discounts, if discounts for prompt payment are allowed to consumers), but not less than twenty (20) cents per thousand cubic feet of natural gas.

It is mutually understood and agreed with respect to the price above stated to be charged for natural gas after the expiration of the first ten (10) years of this contract, that the same is based upon the estimated cost to the party of the first part obtaining said gas from its present sources of supply, and that in case after the expiration of said ten year period the party of the first part finds it necessary to [fol. 4319] resort to other sources of supply, so that its supply available for delivery hereunder is obtained by it at an increased average cost per thousand cubic feet more than a proportionate increase in the rate which said Columbus Company receives at the time for said gas supplied under this contract, then and in that event said Ohio and Columbus Companies shall endeavor to secure a rate satisfactory

to both companies, and upon their failure to obtain the same the said Ohio Company shall have the right to cancel and annul this contract, to take effect twelve (12) months from the giving of said notice.

Seventh: The Columbus Company shall pay to The Ohio Company on or before the continuance of this contract, all amounts due for gas delivered during the previous month.

Eighth: The Columbus Company shall at its own cost and expense, lay all necessary lines and extensions of its distributing systems in the City of Columbus to enable said Company to deliver gas received by it at said measuring stations to its consumers in the Villages of Arlington Heights, Bexley, Linden Heights, and Worthington.

Ninth: For the period of three (3) years from the date of the execution of this agreement, The Ohio Company will furnish such quantity of natural gas, at no time exceeding 3,500,000 cubic feet per day, to said Columbus Company for delivery to industrial consumers through the measuring station provided for in paragraph two hereof, as said Ohio Company may be able to furnish out of its surplus supply of gas over and above the amount required by said Columbus Company to supply its domestic consumers, and over and above the amount required by The Ohio Company to supply the requirements of its own consumers, which are recognized by this contract as having priority over the obligation assumed by The Ohio Company under the provisions of this contract. It is expressly understood and agreed that the obligation of The Ohio Company to furnish natural gas for such industrial consumers shall be limited to the ability of The Ohio Company to supply natural gas from its surplus, as above defined, and before entering into any contract to supply any such industrial consumers the Columbus Company shall notify The Ohio Company of its probable requirements in that respect, and shall first receive the consent of The Ohio Company thereto, the Columbus Company shall provide in its contract with said industrial consumers that the supply of gas may be discontinued at any time upon notice, when the supply of said natural gas of said Ohio Company shall in its judgment be insufficient to supply the demand of such con-

sumers, and at the same time discharge its obligations to [fol. 4320] furnish gas for the domestic consumers of said Columbus Company, and the prior obligations of The Ohio Company. Upon receipt of notice from The Ohio Company that it is unable to furnish an adequate supply for such industrial consumers, The Columbus Company shall forthwith notify and discontinue service to such industrial consumers as may be necessary to reduce the demand and consumption of gas within the ability of The Ohio Company to supply the same. Should The Columbus Company, after receipt of such notice, fail or refuse to so discontinue the service to such industrial consumers, then The Ohio Company shall have the right to diminish proportionately the amount of natural gas delivered by it to said Columbus Company.

The Columbus Company shall furnish gas to such industrial consumers through standard meters, which shall be kept and maintained in good condition to correctly register the amount of gas passing therethrough. And shall read the said meters as often as necessary, and shall keep true and accurate accounts of the meter readings. The Ohio Company through its duly authorized representative shall have access at all times to said meters and consumers' fixtures, with the right to demand a test and the replacement of any such meters that in its judgment is defective, or not correctly registering the amount of gas passing therethrough. The Columbus Company shall keep correct and accurate books and accounts of the gas furnished to said industrial consumers, and The Ohio Company shall have the right to inspect and audit said books and accounts, showing the consumption of gas by said industrial consumers upon request for the purpose of ascertaining the amount charged thereon for gas sold and delivered to such industrial consumers.

As soon as practicable after the first of each month, a statement showing the names and business location of such industrial consumers, and the amount of gas furnished to each of them, and the price charged therefor, shall be furnished to The Ohio Company.

For all gas sold and delivered to said industrial consumers at a rate exceeding the then current price per thou-

sand cubic feet for domestic gas under this contract, said Columbus Company shall pay to said Ohio Company such price per thousand cubic feet as may at that time be provided by this contract to be paid for gas furnished for domestic consumers of said Columbus Company.

[fol. 4321] For all such gas sold at the price of or less than the current price per thousand cubic feet for domestic gas under this contract, the said Columbus Company shall pay to the Ohio Company the sum of twelve (12) cents per thousand cubic feet. The quantity so sold shall be deducted from the quantities supplied for the month as shown by the measurement of the Pitot tubes at the measuring stations, and shall be paid for at the said price of twelve (12) cents per thousand cubic feet on the 15th day of each month.

Tenth: It is understood and agreed that the payments for natural gas delivered under the conditions of this agreement shall not be withheld beyond the time herein named; that is, the fifteenth (15) day of the month succeeding the month in which the gas is taken, on account of any controversy in regard to the accuracy of any measuring device at any of the said measuring stations, but payments for such gas shall be made when due and all adjustments of claims for allowances on account of the inaccuracy of any such measuring device shall be deducted from the next and if necessary, subsequent payments on the basis of the readings of the measuring device when tested and known to be correct.

Eleventh: This contract shall be binding upon the successors and assigns of the parties hereto, but in case the rights of either party shall without the written consent of the other party be transferred by operation of law, the other party shall have the right forthwith to cancel the same.

In witness whereof, the said parties have caused their names by the hands of their respective presidents and their common and corporate seals attested by their respective secretaries to be hereto affixed, the day and year above written.

The Ohio Fuel Supply Company, by —— ——, President. The Columbus Gas & Fuel Company, by —— ——, President.

Attest: —— ——, Secretary, The Ohio Fuel Supply Company. —— ——, Secretary, The Columbus Gas & Fuel Company.

[fol. 4322] Contract

This contract made and entered into this 1st day of September, 1919 by and between The Ohio Fuel Supply Company, an Ohio corporation, hereinafter referred to as "Ohio," and The Columbus Gas and Fuel Company, an Ohio corporation hereinafter referred to as "Columbus":

Witnesseth:

Whereas on the 12th day of March, 1914, Ohio and Columbus entered into a certain contract providing for the sale and delivery by Ohio, and the purchase and payment by Columbus, of natural gas for the consumers of the city of Columbus, and villages in vicinity thereof, upon certain terms and conditions, all of which appear from said agreement, to which reference is hereby made, the same as if re-written herein.

Whereas on March 3, 1914, Ohio and Columbus entered into an agreement of a temporary nature providing for the measurement of natural gas supplied by Ohio to Columbus for distribution in the residence section known as Arlington and other places adjacent to the corporate limits of the city of Columbus, the nature of which temporary agreement will more fully appear from the text thereof, which is incorporated herein by reference, the same as if re-written; and

Whereas it is desired by both parties hereto to terminate said temporary agreement of March 3, 1914, and to provide for the measuring of gas consumed by the residents of the village of Arlington (including Upper Arlington and vicinity) and the payment therefor in the same manner and upon the same terms and conditions substantially as is provided in the contract between the parties hereto dated March 12, 1914, and referred to above, therefore the parties agree as follows:

[fol. 4323] On and after the effective date of this contract, or as soon thereafter as the new gas line and the new measuring station hereinafter mentioned are completed and ready for service,—and it is intended hereby that both Ohio and Columbus will exercise due diligence in complet-

ing their respective obligations,—then the domestic meters and the industrial meters, if there be any, shall be read and statement thereof shall be given to the Ohio Company in accordance with practice heretofore employed, and the measurement of gas through the new measuring station shall begin immediately, and the temporary agreement for measurement of gas, dated March 3, 1914, and described above, is cancelled and declared null and void.

Forthwith upon the signing of this agreement, Columbus will, at its own expense, construct a four inch gas line in the best workmanlike manner, from the eighteen inch main of Ohio at a point to be mutually agreed upon, in Perry Township, Franklin County, Ohio, and extending thence southerly to the present reducing station in the village of Upper Arlington, and said four inch line shall be so laid and constructed as to admit of the least possible amount of leakage. And on the request of Columbus, Ohio will at its own expense connect said four inch line with its eighteen inch main pipe line.

Also, it being mutually advantageous for Ohio and Columbus to each furnish certain material, labor, equipment, building and building site, as understood and verbally agreed upon by and between the representatives of said companies, for an automatic measuring station to be located at a point mutually agreed upon, therefore, said parties hereby expressly agree to so construct said station. And when said station is so completed, each of said parties will submit to the other detailed statement of the cost thereof to it. Thereupon one-half of the costs to each party shall be reimbursed to it by the other party, to the end that each shall be equal owners of a full one-half interest in said measuring station as completed. Said measuring station to be of a design and construction approved by the engineer of each party hereto. The duly authorized representative [fol. 4324] of each party hereto shall have free and unrestricted access to said measuring station at any and all times.

After the said four inch line and measuring station is completed, Columbus shall pay all the expense of operation of the same, and all natural gas furnished by Ohio to Columbus for distribution to the residents of Arlington (including Upper Arlington and vicinity) shall be delivered by Ohio through said four inch line and measuring station on all the terms and conditions provided for in the contract

of March 12, 1914, to which reference has been made, and the price to be paid by Columbus to Ohio for said gas and all the terms and conditions of delivery, shall be governed by said contract last referred to, it being the intention and understanding of the parties hereto that in all respects the contract of March 12, 1914 shall govern the sale, delivery, purchase and payment for gas through said four inch line, and new automatic measuring station to be constructed, as fully and completely as through the measuring stations described in said contract of March 12, 1914, which by reference is incorporated herein and made a part hereof the same as if fully re-written.

In witness whereof the parties have had hereunto affixed their names and corporate seals by their duly authorized officers, the day and year first above written.

The Ohio Fuel Supply Company, by Geo. W. Crawford, President.

Attest: J. B. Wikoff, Asst. Secretary.

The Columbus Gas and Fuel Company, by T. J. Jones, President.

Attest: G. C. Scott, Secretary.

[fol. 4325]

L. A. SEYFFERT EXHIBIT NUMBER 15

The Columbus Gas & Fuel Company

Balance Sheet

December 31, 1929

Assets		
Fixed Capital:		
Property Plant & Equipment		$12,824,363.51
Current and Working Assets:		
Cash	$5,731.65	
Notes Receivable	10,139.29	
Accounts Receivable, Customers	414,270.72	
Accounts Receivable, Other	119,034.87	
Material & Supplies	162,162.47	711,339.00
Inter-Company Accounts:		
Accounts Receivable		69,088.66
Special Funds:		
Impounded Cash		1,272,690.45
Deferred Charges:		
Prepaid Accounts	22,484.33	
Other Deferred Charges	3,158.11	
Suspense, Automobiles	6,208.32	
Suspense, Other	66,892.32	
Deposit for Matured Interest	32,425.00	131,168.08
Total Assets		$15,008,649.70

[fol. 4326]

Liabilities

Capital Stock:		
Common	$3,000,000.00	
Preferred	6,000,000.00	$9,000,000.00
Funded Debt:		
Mortgage Bonds due 7-1-32	1,331,000.00	
Less: Reacquired Securities	35,000.00	1,296,000.00
Current and Accrued Liabilities:		
Accounts Payable	53,124.60	
Accrued Taxes	111,580.00	
Accrued Interest	4,671.63	169,376.23
Inter-Company Accounts:		
Notes Payable	268,768.60	
Loans Payable	960,500.00	
Accounts Payable	490,139.09	
Interest Payable	16,289.03	1,735,696.72
Deferred Liabilities:		
Consumers Service Deposits	84,713.85	
Line Extension Deposits	98,635.45	
Contingent Liability, Contra for Impounded Cash	1,272,599.70	
Other Deferred Liabilities	196.96	
Contra for Bond Interest	32,425.00	1,488,570.96
Reserves:		
Depreciation	1,166,762.30	
Injuries and Damages	18,556.20	
Uncollectible Accounts	3,743.37	
Other	1,500.00	1,190,561.87
Surplus		128,443.92
		$15,008,649.70

[fol. 4327] L. A. Seyffert Exhibit Number 16

The Columbus Gas & Fuel Company

Dividends April 1, 1914 to December 31, 1929	
Preferred	$3,075,000.00
Common	1,601,498.81
	4,676,498.81
Surplus, December 31, 1929	128,443.92
	4,804,942.73
Surplus, April 1, 1914	666,095.55
Net Income 15-3/4 years	4,138,847.18
Average Net Income (15-3/4 yrs.)	262,783.95
Percent of Total Stock ($9,000,000.00)	2.92%
Average Dividend 15 3/4 years	
Preferred	$195,238.09
Common	101,682.46
Average percent on stock outstanding	
Preferred	3.25%
Common	3.39%

[fol. 4328] L. A. SEYFFERT EXHIBIT NUMBER 17

The Columbus Gas & Fuel Company

Income Statements

	Twelve months ended, December 31		
	1927	1928	1929
Gross Revenue			
Gas	$2,734,903.93	$3,051,380.07	$3,365,132.38
Other Non-Utility	12,471.99	7,192.70	5,351.52
Total Revenue	2,747,375.92	3,058,572.77	3,370,483.90
Operating Expenses			
Operation	2,296,845.93	2,670,410.07	3,062,343.19
Maintenance	104,849.65	66,333.34	88,846.04
Depreciation	100,000.00	111,238.17	105,000.00
Taxes	125,705.72	139,519.54	154,117.72
Total Expenses	2,627,401.30	2,987,501.12	3,410,306.95
Net Operating Revenue	119,974.62	(71,071.65)	(39,823.05)
Other Income	38,753.06	17,018.32	2,036.15
Gross Corporate Income	158,727.68	88,089.97	(37,786.90)
Interest	73,092.80	82,088.97	116,401.17
Net Income	85,634.88	6,001.00	(154,188.07)

( ) Denotes red figures.

[fol. 4329]

Co. Exhibit 19

The Columbus Gas & Fuel Company

Additions to Property as Shown by Investment Records

	Per Books			Allocation	
	Total	Inside city	Outside city	Inside city	Outside city
August 31, 1925—August 31, 1928 (Seyffert Affidavit)	889,682.38	547,805.02	341,877.36		
August 31, 1928—December 31, 1928 per books	159,165.92	78,102.72	81,063.20		
January 1, 1929—December 31, 1929 per books	195,841.26	108,170.70	87,670.56		
	1,244,689.56	734,078.44	510,611.12	734,078.44	510,611.12
Burr Ave. Garage—Aug. 31, 1928—Dec. 31, 1928 per books	98,020.52	.....	98,020.52		
Burr Ave. Garage—Jan. 1, 1929—Dec. 31, 1929 per books	16,880.58	.....	16,880.58		
	114,901.10	.....	114,901.10	70,297.00	44,604.10
Belt Line	252,719.39	.....	252,719.39		
Belt Line—Undistributed Constr. Expense	40,142.21	.....	40,142.21		
	292,861.60	.....	292,861.60	171,948.00	120,913.60
Undistributed Aug. 31, 1928—Dec. 31, 1928	36,590.28				
Undistributed Jan. 1, 1929—Dec. 31, 1929	291,068.52				
	327,658.80	.....	.....	255,437.34	72,221.46
Total Additions	1,980,111.06	.....	.....	1,231,760.78	748,350.28
Undistributed is Made Up as Follows:					
District Regulators	754.86	.....	.....	377.43	
Meters	257,711.66	.....	.....	239,000.00	
Meter Installation	24,455.70	.....	.....		
House Regulators	1,497.48	.....	.....	1,497.48	
General Shop Equipment	25,550.20	.....	.....	4,243.89	
General Garage Equipment	6,690.77	.....	.....	3,081.77	
General Tools and Equipment	8,760.97	.....	.....	5,764.72	
Other General Equipment	2,237.16	.....	.....	1,472.05	
	327,658.80			255,437.34	

[fol. 4330] CO. EXHIBIT 43

The Ohio Fuel Gas Company

Statement Showing Detailed Classification of M. C. F. Sold, Amount of Revenue Received, and Average Rate per M. C. F. Sold for Year Ended June 30, 1930, Including the Pittsfield Gas Company for Last Six Months of 1929.

Classification of sales	Year ended June 30, 1930 M. C. F. sold	Revenue	Revenue per M. C. F.
Retail:			
Residential	12,718,106	$7,946,928.54	$.6248
Commercial	2,240,008	1,290,213.65	.5760
Industrial	9,712,608	3,888,748.60	.4004
Public	303,399	163,709.05	.5396
Field	297,038	76,341.50	.2570
Total Retail	25,271,159	$13,365,941.34	$.5289
Wholesale—Non Affiliations:			
Central Indiana Gas Co.	1,657,911	$718,887.95	$.4336
City of Lancaster	302,078	135,935.10	.4500
Delaware Gas Co.	206,715	95,059.81	.4599
Western Ohio Public Service Co.	278,171	132,131.32	.4750
West Ohio Gas Co.	362,495	199,372.25	.5500
Sundry Small Companies	249,736	108,360.18	.4339
Total Sales—Non Affiliations	3,057,106	$1,389,746.61	$.4546
Total Retail, Non Affiliations	28,328,265	$14,755,687.95	$.5209
Wholesale—Affiliations:			
Columbus Gas & Fuel Co.	6,897,208	$3,081,632.64	$.4468
Federal Gas & Fuel Co.	2,285,761	1,020,889.07	.4466
Northwestern Ohio Natural Gas Co.	1,902,248	951,124.00	.5000
Springfield Gas Company	1,658,208	744,971.75	.4493
Dayton Power & Light Co.	6,633,307	2,902,796.70	.4376
Natural Gas Co. of W. Virginia	676,554	304,449.30	.4500
Pt. Pleasant Natural Gas Co.	96,857	38,742.80	.4000
Union Gas & Electric Co.	6,640,699	2,988,314.55	.4500
Total Wholesale—Affiliations	26,790,842	$12,032,920.81	$.4491
Total Gas Revenues	55,119,107	$26,788,608.76	$.4860

[fol. 4331] The Ohio Fuel Gas Company

Statement Showing Gas Purchased and Gas Purchased Expense for Year Ended June 30, 1930, Including the Pittsfield Gas Company for Last Six Months of 1929

Gas purchased for resale	M. C. F. purchased	Amount	Average rate per M. C. F. purchased
Affiliations:			
Preston Oil Company	514,668	$174,432.55	$.3389
United Fuel Gas Company	15,245,234	4,102,588.48	.2691
Columbia Gas & Electric Corp.	2,680,917	938,320.95	.3500
Total affiliations	18,440,819	$5,215,341.98	$.2828
Non-affiliations:			
Independent Producers	10,856,851	$1,732,224.98	$.1596
Preston Oil Company	1,911,149	668,902.15	.3500
Toledo Furnace Co.—Manufactured.	3,352,492	471,586.78	.1407
Total non-affiliations	16,120,492	$2,872,713.91	$.1782
Total gas purchased for resale	34,561,311	$8,088,055.89	$.2340
Gas purchased station expense	34,561,311	98,955.42	.0029
Total gas purchased cost at Measuring Stations	34,561,311	$8,187,011.31	$.2369

(Here follow tables. side folios 4332 & 4333)

[fol. 4332]

Columbia System

Columbus Group

Statement Showing Capital Stock, Book Cost of Fixed Capital, Income Available for Amortization, Depreciation and Dividends with Per cent of Income Available on Book Cost of Fixed Capital for Year Ended June 30, 1930

Columbus Group Companies	Capital stock					Fixed capital Including construction work in progress	Income available for amortization, depreciation & dividends	Per cent of income available for amortization, depreciation & dividends to fixed capital
	Authorized Issue—Shares	Outstanding Issue—Shares	Kind of stock	Par value	Amount			
The Ohio Fuel Gas Company	1,650,000	1,161,252	Common	$50.00	$58,062,600.00	$95,843,354.43	$9,833,098.70	10.26
The Northwestern Ohio Natural Gas Co	55,505	55,505	Common	50.00	2,775,250.00	4,036,228.69	401,210.33	9.94
The Columbus Gas & Fuel Company	30,000	30,000	Common	100.00	3,000,000.00	.....	.....	.....
The Columbus Gas & Fuel Company	60,000	60,000	Preferred	100.00	6,000,000.00	12,919,594.85	(712,369.23)	(5.51)
The Federal Gas & Fuel Company	21,420	20,000	Common	50.00	1,000,000.00	1,958,270.24	(270,258.78)	(13.80)
The Springfield Gas Company	24,400	24,400	Common	25.00	610,000.00	1,294,788.01	19,361.75	1.50
The Edgewater Gas & Light Company	230	230	Common	No par	28,980.00	243,157.51	(1,122.33)	(.46)
Total Columbus Group	1,841,555	1,351,387			$71,476,830.00	$116,295,393.73	$9,269,920.44	7.90

( ) Denotes red figures.

[fol. 4333]

Columbia System

Statement Showing Capital Stock, Book Cost of Fixed Capital, Income Available for Amortization, Depreciation and Dividends with Per cent of Income Available on Book Cost of Fixed Capital for Year Ended June 30, 1930

Name of Company	Capital stock					Fixed capital Including construction work in progress	Income available for amortization, depreciation & dividends	Per cent of income available for amortization, depreciation & dividends to fixed capital
	Authorized Issue—Shares	Outstanding Issue—Shares	Kind of stock	Par value	Amount			
The Ohio Fuel Gas Company	1,650,000	1,161,252	Common	$50.00	$58,062,600.00	$95,843,354.43	$9,833,098.70	10.26
The Columbus Gas & Fuel Company	30,000	30,000	Common	100.00	3,000,000.00	.....	.....	.....
The Columbus Gas & Fuel Company	60,000	60,000	Preferred	100.00	6,000,000.00	12,919,594.85	(712,369.23)	(5.51)
The Federal Gas & Fuel Company	21,420	20,000	Common	50.00	1,000,000.00	1,958,270.24	(270,258.78)	(13.80)
Total	1,761,420	1,271,252			$68,062,600.00	$110,721,219.52	$8,850,470.69	7.99

( ) Denotes red figures.

[fol. 4334] The Ohio Fuel Gas Company

Balance Sheet as of December 31, 1929

Assets

Fixed capital:		
Property plant and equipment	$94,088,989.60	
Construction work in progress	480,228.10	$94,569,217.70
Current and working assets:		
Cash	$167,635.02	
U. S. L. L. Bond 4¼%	25,206.56	
Notes Receivable	23,606.17	
Accounts Receivable—Customers	957,556.78	
Accounts Receivable—Others	465,049.23	
Interest Receivable	227.58	
Marketable Securities	107.00	
Residuals and By-products	872.98	
Supplies—General	1,754,838.95	$3,395,100.27
Inter-company accounts:		
Accounts Receivable—This Group	$1,202,880.76	
Accounts Receivable—Other Groups	722,768.83	
Interest Receivable—Other Groups	151.55	1,925,801.14
Special funds:		
Funds in Escrow		6,353.89
Deferred charges:		
Prepaid Accounts	$550,315.50	
Contingent Assets	3,325.19	
Other Deferred Charges	12,989.80	
Automobile Suspense	17,477.97	
Other Suspense	215,672.47	
Deposit for Matured Interest	9,050.00	
Non-productive well drilling expense		
Purchasing & Stores Suspense		808,830.93
Total Assets		$100,705,303.93

Liabilities

Capital stock—common:		
Authorized 1,650,000 Shares		
Less 288,596 Unissued		
Less 200,152 In Treasury		
Outstanding 1,161,252 @ $50.00 Par		$58,062,600.00
Funded debt—bonds		1,890,400.00
Current & Accrued Liabilities:		
Accounts Payable	$700,698.77	
Accrued Taxes	1,363,527.33	
Accrued Interest	67,772.74	
Other Accrued Liabilities		2,131,998.84
Inter-company accounts:		
Loans Payable—Other Groups	9,165,508.00	
Accounts payable—This Group	1,991.25	
Accounts payable—Other Groups	665,142.90	
Interest payable—Other Groups	83,026.48	9,915,668.63

Liabilities—Continued

Deferred liabilities:		
Customers' Deposits	267,368.58	
Line Extension Deposits	302,920.85	
Other deferred liabilities	58,439.61	
Contingent liabilities	6,353.89	
Suspense—Other		
Contra for bond interest	9,050.00	
Contingent earnings pending rate decision	1,911,089.54	2,555,222.47
Reserves:		
Depreciation	$19,006,536.66	
Amortization	1,739,029.89	
Injuries and damages	97,281.35	
Uncollectible accounts	9,534.99	
Other reserves	9,000.00	
Non-productive well drilling		20,861,382.89
Surplus:		
Earned	$3,073,712.56	
Excess of loan Gas Co. net assets over par value of stock issued for same	2,214,318.54	5,288,031.10
Total Liabilities		$100,705,303.93

[fol. 4335]

The Ohio Fuel Gas Company

Statement Showing Operating Revenue for Years 1927, 1928 and 1929

Gross revenue	1927 M. C. F.	1927 Amount	1928 M. C. F.	1928 Amount	*1929 M. C. F.	*1929 Amount
Retail gas earnings:						
Residential, commercial, public	5,683,633	$3,188,538.42	7,569,781	$4,553,126.10	15,281,387	$9,235,727.30
Industrial	3,530,813	1,579,083.22	6,556,107	2,434,391.41	9,875,638	4,018,155.50
Field	256,922	64,424.45	194,427	50,680.90	307,244	77,937.58
Miscellaneous	.....	.....	171,420	85,076.62	.....	.....
Total retail	9,471,368	$4,832,046.09	14,491,735	$7,123,275.03	25,464,269	$13,331,820.38
Wholesale—Non-affiliations:						
Clintonian Fuel & Oil Co	21,182	$9,531.90	22,573	$10,157.85	19,799	$8,909.55
Williamsport Village	17,398	5,219.40	15,489	6,905.70	14,779	6,650.55
New Knoxville Gas Co	2,309	1,154.50	3,946	1,973.00	2,502	1,283.55
Mauntler Bros. Company	300	150.00	.....	.....	.....	.....
Pittsfield Gas Company	.....	.....	2,321	1,160.50	.....	.....
Central Indiana Gas Co	.....	.....	.....	.....	1,609,738	699,016.58
Ohio Gas Light & Coke Co	4,459	2,229.50	46,928	16,452.89	49,126	14,441.41
City of Lancaster	.....	.....	.....	.....	356,686	167,031.53
West Ohio Gas Company	.....	.....	256,722	141,198.25	357,917	196,854.35
Delaware Gas Company	.....	.....	.....	.....	219,855	99,824.48
Tarlton Village	5,946	2,378.40	6,122	2,677.80	5,942	2,673.90
National Fireproofing Co	.....	.....	5,358	2,411.10	4,934	2,220.30
Wehrle Co.—Newark	.....	.....	10,398	4,679.10	11,647	5,241.15
Western Ohio Public Service Co	.....	.....	.....	.....	279,102	132,281.84
Sundry Small Companies	.....	.....	.....	.....	138,210	67,[illegible]90
Total wholesale—Non-affiliations	51,594	$20,663.70	369,857	$187,616.19	3,070,246	$1,403,567.09

* Includes The Logan Gas Company for first five months 1929, and Pittsfield Gas Company for year 1929.

2903

The Ohio Fuel Gas Company—Continued

Gross Revenue	1927 M. C. F.	1927 Amount	1928 M. C. F.	1928 Amount	*1929 M. C. F.	*1929 Amount
Wholesale—Affiliations this group:						
Columbus Gas & Fuel Co	5,855,602	$1,865,130.18	6,734,263	$2,133,776.79	6,993,512	$2,574,358.84
Federal Gas & Fuel Co	1,958,715	611,504.22	2,253,886	704,926.82	2,286,093	835,494.24
Northwestern Ohio Natural Gas Co	1,436,414	502,744.90	1,815,898	695,881.70	2,234,029	1,042,049.20
Springfield Gas Co	1,518,805	607,522.00	1,620,418	648,167.20	1,704,685	716,800.10
Ohio Valley Public Utilities Co	34,060	6,812.00	.....	.....	.....	.....
Ohio Central Gas Co	154,583	61,833.20	.....	.....	.....	.....
Wilmington Gas Light & Coke Co	30,924	13,915.80	.....	.....	.....	.....
Total wholesale—Affiliations this group	10,989,103	$3,669,462.30	12,424,465	$4,182,752.51	13,218,319	$5,168,702.38
Wholesale—Affiliations other groups:						
Union Gas & Electric Co	.....	.....	516,972	$232,637.40	5,853,199	$2,633,939.55
Columbia Gas & Supply Co	581,010	$261,454.51	5,303,338	2,386,502.10	.....	.....
Dayton Power & Light Co	329,365	148,214.32	1,543,683	611,589.15	6,545,411	2,902,820.70
Point Pleasant Natural Gas Co	113,764	45,505.60	118,407	47,362.80	107,069	42,827.60
Natural Gas Co. of W. Virginia	340,860	127,822.51	356,840	147,629.11	880,691	396,310.95
Total wholesale—affiliations other groups	1,364,999	$582,996.94	7,839,240	$3,425,720.56	13,386,370	$5,975,898.80
Total gross operating revenue	21,877,064	$9,105,169.03	35,125,297	$14,919,364.29	55,139,204	$25,879,988.65

* Includes The Logan Gas Company for first five months 1929, and Pittsfield Gas Company for year 1929.

[fol. 4336] The Ohio Fuel Gas Company

Statement Showing Operating Expenses and Income Available for Amortization, Dividends and Surplus for Years 1927, 1928 and 1929

Operating expenses	1927 M. C. F.	1927 Amount	1928 M. C. F.	1928 Amount	*1929 M. C. F.	*1929 Amount
Gas purchased for resale affiliations—this group						
Northwestern Ohio Natural Gas Co	.....	.....	.....	.....	117,545	$58,772.50
Preston Oil Co	1,046	$156.90	.....	.....	848,348	274,536.55
Ohio Central Gas Co	818	327.20	.....	.....	.....	.....
Ohio Fuel Supply Co	2,549,420	382,413.00	.....	.....	.....	.....
Total affiliations—this group	2,551,284	$382,897.10	.....	.....	965,893	$333,309.05
Affiliations—other groups:						
Columbia Gas & Electric Corporation	.....	.....	.....	.....	2,770,010	$969,503.50
United Fuel Gas Co	2,015,157	$460,879.38	11,458,860	$2,965,276.84	15,486,218	4,172,362.37
Manufacturers Light & Heat Co	8,289	1,947.93	.....	.....	.....	.....
Total affiliations—other groups	2,023,446	$462,827.31	11,458,860	$2,965,276.84	18,256,228	$5,141,865.87
Non-affiliations:						
Independent producers	11,317,733	$1,695,256.70	9,124,199	$1,403,379.05	10,704,972	$1,685,028.29
Toledo Furnace Co.—manufactured	.....	.....	3,083,528	437,072.31	3,692,921	500,434.23
Total non-affiliations	11,317,733	$1,695,256.70	12,207,727	$1,840,451.36	14,397,893	$2,185,462.52
Total gas purchased for resale	15,892,463	$2,540,981.11	23,666,587	$4,805,728.20	33,620,014	$7,660,637.44
Gas purchased station expense	15,892,463	$79,694.29	23,666,587	$68,963.84	33,620,014	89,877.69
Gas purchased cost at measuring station	15,892,463	$2,620,675.40	23,666,587	$4,874,692.04	33,620,014	$7,750,515.13

The Ohio Fuel Gas Company—Continued

	M. C. F. produced		M. C. F. produced		M. C. F. produced	
Production System Expense	10,110,938	$1,340,364.22	18,592,390	$2,147,917.04	29,869,168	$3,107,301.01
Transmission " "		1,317,726.48		1,249,977.93		2,079,125.29
Distribution " "		269,419.46		543,800.59		990,015.95
Utilization " "		433.59		20,343.07		51,552.67
Commercial " "		173,543.78		253,641.31		592,187.37
Business Promotion "		7,662.48		40,989.06		215,838.24
General Expense		309,375.09		804,040.03		953,072.86
Gas used in operations		(652,823.41)		(847,120.78)		(1,181,877.03)
Total expenses (before taxes, depreciation & amortization)		$2,765,701.69		$4,213,588.25		$14,557,731.49
Taxes		736,252.83		889,042.96		1,525,532.26
Depreciation		675,070.33		1,236,992.66		1,975,471.92
Amortization of leaseholds		27,922.97		42,137.01		121,928.08
Total operating expenses		$6,825,623.22		$11,256,452.92		$18,180,663.75
Operating income available for amortization, dividends and surplus		$2,279,545.81		$3,662,911.37		$7,699,324.90

* Includes The Logan Gas Company for first five months—1929 and Pittsfield Gas Company for year 1929.
( ) Denotes red figures.

[fol. 4337] The Ohio Fuel Gas Company

Statement of Dividends Paid

	Per cent of capital stock	Amount
1927:		
Regular dividend on common stock	8%	$2,000,000.00
1928:		
Regular dividend on common stock	8%	$2,000,000.00
1929:		
* Regular dividend on common stock	2%	$500,000.00
** Regular dividend on common stock	4½%	2,612,817.00
Extra dividend on common stock	6½%	3,774,069.00

* One quarterly payment of 2% of $25,000,000 capital stock of the Ohio Fuel Gas Company paid March, 1929.

** Three quarterly payments of 1½% of $58,062,600 capital stock of the Ohio Fuel Gas Company including acquisition of capital stock of the Logan Gas Gas Company.

[fol. 4338] Co. Exhibit 44

The Ohio Fuel Gas Company

System Wide City Gate Rate

Statement Showing Summary of Total Cost of Service with Average Cost per M. C. F. at the City Gates for Year Ended December 31, 1929

Ford, Bacon and Davis Valuation Plus Market Value of Leaseholds

Summary of cost of service	Detail	Total cost of service	Cost per M. C. F. at the city gate
Purchased gas expense	$7,211,528		
Production system expense	2,973,502		
Non-productive well drilling expense	618,789		
		$10,803,819	$.2003
Transmission system expense		1,401,668	.0260
General administrative expense		583,799	.0108
Other General Expense		272,835	.0051
Annual allowance for replacements, retirements, etc., (2% of $71,012,027)		1,420,241	.0263
Annual allowance for amortization (4% of $136,230,537)		5,449,221	.1010
Total operating expenses (before taxes & return)		$19,931,583	$.3695
Taxes: Property	$869,122		
Excise	448,686		
Public utility commission	17,755		
Federal income	1,531,253	2,866,816	.0531
Total operating expenses and taxes (before return)		$22,798,399	$.4226
Return (8.0 per cent of $140,364,827)		11,229,186	.2082
Total gross cost of service		$34,027,585	$.6308
Less:			
Differential charge to northwestern Ohio Natural Gas Company	($659,438)		
Gas used by company drilling and abandoning wells	(132,128)	(791,566)	(.0147)
Total net cost of service		$33,236,019	$.6161
Total deliveries in M. C. F. at the city gates	53,943,794		

( ) Denotes red figures.

[fol. 4339]

Statement Showing Detail of Operating Expenses for Year Ended Dec. 31, 1929

Detail of operating expenses account number and title	Amount
369 Natural gas purchased for resale:	
From: United Fuel Gas Company	$4,172,362
Columbia Gas & Electric Corporation	969,504
The Preston Oil Company	274,537
Other Ohio Independent Producers	1,705,378
Total paid others for gas purchased	$7,121,781
370 Purchased gas expense	89,747
Total gas purchased expense	$7,211,528
Production system expense:	
350 Superintendence labor	$49,293
351 Gas well & field line labor	392,672
353 Other production system labor	30,353
353½ Land & map department labor	80,414
354 Superintendence supplies & expenses	4,342
355 Gas well & field line supplies & expenses	69,263
357 Production system rent	3,353
358 Other production system supplies & expenses	9,016
358½ Land & map department supplies & expenses	13,036
359 Gas well royalties	538,206
360 Rental on unoperated leases	1,684,913
362 Maintenance of other production system structures	1,589
363 Maintenance of gas well equipment	53,868
367 Maintenance of drilling & cleaning equipment	40,454
368 Maintenance of other production system equipment	2,730
Total production system expense	$2,973,502
Non-productive well drilling expense	$618,789

[fol. 4340]

Transmission system expense:	
371 Superintendence	$48,465
372 Compressing station labor	349,705
373 Measuring station labor	19,888
374 Transmission line labor	180,253
375 Other transmission system labor	24,366
376 Superintendance supplies & expenses	5,679
377 Compressing station supplies & expenses	68,729
378 Measuring station supplies & expenses	10,592
379 Transmission line supplies & expenses	53,963
380 Transmission system rent	133,860
381 Other transmission system supplies & expenses	4,307
382 Maintenance of compressor station structures	22,543
383 Maintenance of other transmission system structures	1,108
384 Maintenance of compressor station equipment	140,043
385 Maintenance of transmission line equipment	317,237
386 Changing transmission lines	4,681
387 Maintenance of measuring station equipment	15,751
388 Maintenance of other transmission system equipment	498
Total transmission system expense	$1,401,668
General administrative expense (proportion):	
427 Salaries of general officers	$12,040
427½ Operating & engineering service fees	360,799
428 Salaries of general office clerks	111,928
429 General office stationery & printing	5,897

Statement Showing Detail of Operating Expenses for Year Ended Dec. 31, 1929

Detail of operating expenses account number and title	Amount
430 Other general office supplies	3,269
431 General officers' expenses	5,946
432 General office clerks' expenses	3,745
433 General law expenses	44,412
434 General office rent	17,800
435 Other general office expense	16,950
437 Maintenance of general office equipment	1,013
Total general administrative expense	$583,799

[fol. 4341]

Other general expense (proportion)	
442 Laboratory labor	$385
443 Telephone & telegraph system labor	3,700
448 Laboratory supplies & expenses	2,420
449 Telephone & telegraph system supplies & expenses	1,990
453 Public utility commission expense	21,913
454 Injuries and damages	69,557
455 Other insurance	24,303
455½ Employees' group insurance	14,874
456 Relief and pensions	39,276
457 Other general expense	88,735
458 Inventory adjustments	1,344
473 Maintenance of telephone & telegraph system	4,338
Total other general expense	$272,835
Annual allowance for replacements, retirements, etc.	$1,420,241
Annual allowance for amortization	$5,449,221
Taxes—(applicable to production & transmission systems):	
Property	$869,122
Excise	448,686
Public utility commission	17,755
Federal Income	1,531,253
Total taxes	$2,866,816
Summary of operating expenses and taxes:	
Gas purchased expense	$7,211,528
Production system expense	2,973,502
Non-productive well drilling expense	618,789
Transmission system expense	1,401,668
General administrative expense	583,799
Other general expense	272,835
Annual allowance for replacements, retirements, etc.	1,420,241
Annual allowance for amortization	5,449,221
Total operating expenses (before taxes)	$19,931,583
Taxes	2,866,816
Total operating expenses and taxes	$22,798,399

[fol. 4342]

Statement Showing Market Value of Leaseholds, Determined by Messrs. Dally, Meals, Wittmer, and Webber, with Average Value of All Four as of June 30, 1929

	Number of acres	Total value	Average value per acre
A. B. Dally, Jr.:			
Class No. 1—operated	291,396	$26,225,640	$90.00
Class No. 2—unoperated	164,739	16,473,900	100.00
Class No. 3—unoperated	312,631	6,252,620	20.00
Class No. 4—unoperated	2,065,421	4,130,842	2.00
Total	2,834,187	$53,083,002	$18.73
S. W. Meals:			
Class No. 1—operated	291,396	$17,483,760	$60.00
Class No. 2—unoperated	164,739	9,884,340	60.00
Class No. 3—unoperated	312,631	1,250,524	4.00
Class No. 4—unoperated	2,065,421	8,261,684	4.00
Total	2,834,187	$36,880,308	$13.01
Geo. Wittmer, Jr.:			
Class No. 1—operated	291,396	$21,825,000	$74.90
Class No. 2—unoperated	164,739	12,300,000	74.66
Class No. 3—unoperated	312,631	3,120,000	9.98
Class No. 4—unoperated	2,065,421	6,195,000	3.00
Total	2,834,187	$43,440,000	$15.33
D. S. Webber & Son:			
Class No. 1—operated	291,396	$11,473,717	$39.37
Class No. 2—unoperated	164,739	10,440,300	63.37
Class No. 3—unoperated	312,631	10,504,320	33.60
Class No. 4—unoperated	2,065,421	6,196,263	3.00
Total	2,834,187	$38,614,600	$13.62
Total all valuations:			
A. B. Dally, Jr.	2,834,187	$53,083,002	$18.73
S. W. Meals	2,834,187	36,880,308	13.01
Geo. Wittmer, Jr.	2,834,187	43,440,000	15.33
D. S. Webber & Son	2,834,187	38,614,600	13.62
Total all valuations	11,336,748	$172,017,910	$60.69
Total average of all	2,834,187	$43,004,477	$15.17

[fol. 4343]

Statement Showing Market Value of Leaseholds by Classes Determined by Messrs. Dally, Meals, Wittmer, and Webber, With Average Value of All Four as of June 30, 1929

	Number of acres	Total value	Average value per acre
Class No. 1 operated:			
A. B. Dally, Jr.	291,396	$26,225,640	$90.00
S. W. Meals	291,396	17,483,760	60.00
Geo. Wittmer, Jr.	291,396	21,825,000	74.90
D. S. Webber & Son	291,396	11,473,717	39.37
Total class No. 1	1,165,584	$77,008,117	.....
Average value of all four	291,396	$19,252,029	$66.07
Class No. 2 unoperated:			
A. B. Dally, Jr.	164,739	$16,473,900	$100.00
S. W. Meals	164,739	9,884,340	60.00
Geo. Wittmer, Jr.	164,739	12,300,000	74.66
D. S. Webber & Son	164,739	10,440,300	63.37
Total class No. 2	658,956	$49,098,540	.....
Average value of all four	164,739	$12,274,635	$74.51
Class No. 3 unoperated:			
A. B. Dally, Jr.	312,631	$6,252,620	$20.00
S. W. Meals	312,631	1,250,524	4.00
Geo. Wittmer, Jr.	312,631	3,120,000	9.98
D. S. Webber & Son	312,631	10,504,320	33.60
Total class No. 3:	1,250,524	$21,127,464	.....
Average value of all four	312,631	$5,281,866	$16.89
Class No. 4 unoperated:			
A. B. Dally, Jr.	2,065,421	$4,130,842	$2.00
S. W. Meals	2,065,421	8,261,684	4.00
Geo. Wittmer, Jr.	2,065,421	6,195,000	3.00
D. S. Webber & Son	2,065,421	6,196,263	3.00
Total class No. 4	8,261,684	$24,783,789	.....
Average value of all four	2,065,421	$6,195,947	$3.00
Total all classes:			
Class No. 1—operated	291,396	$19,252,029	$66.07
Class No. 2—unoperated	164,739	12,274,635	74.51
Class No. 3—unoperated	312,631	5,281,866	16.89
Class No. 4—unoperated	2,065,421	6,195,947	3.00
Total average value of all	2,834,187	$43,004,477	$15.17

[fol. 4344]

Co. Exhibit 45

Estimated Cost of Reproduction as of December 31, 1929

Summary Classified by States and Accounts

Acct. No.	Classification	Total property		Ohio		Indiana	
		New	Less deterioration	New	Less deterioration	New	Less deterioration
	Organization	$1,999,922	$1,999,922	$1,975,590	$1,975,590	$24,332	$24,332
	Production System Property:						
204	Land	20,514	20,514	20,514	20,514		
206	Rights of way	115,508	115,508	115,508	115,508		
208	Gas well structures	343,382	274,706	343,382	274,706		
210	Other production system structures	162,136	139,400	162,136	139,400		
211	Gas well construction	14,192,077	11,353,662	14,192,077	11,353,662		
212	Gas well equipment	9,715,175	7,772,140	9,715,175	7,772,140		
213	Field line construction	774,475	658,304	774,475	658,304		
214	Field line equipment	1,801,912	1,531,625	1,801,912	1,531,625		
216	Drilling and cleaning equipment	545,401	381,781	545,401	381,781		
217	Other production system equipment	5,612	4,791	5,612	4,791		
	Total	$27,676,192	$22,252,431	$27,676,192	$22,252,431		
	Incomplete construction	234,295	234,295	234,295	234,295		
	Total production system property	$27,910,487	$22,486,726	$27,910,487	$22,486,726		
	Transmission system property:						
218	Land	67,818	67,818	67,543	67,543	275	275
220	Rights of way	1,797,299	1,797,299	1,757,107	1,757,107	40,192	40,192
221	Compressing station structures	1,089,999	919,007	1,089,999	919,007	.....	.....
222	Transmission system measuring station structures	129,629	103,703	127,507	102,006	2,122	1,697
223	Other transmission system structures	234,167	189,999	234,167	189,999	.....	.....
224	Compressing station equipment	6,294,007	5,300,007	6,294,007	5,300,007	.....	.....

225 Transmission system Measuring station equipment	496,891	447,203	490,090	441,082	6,801	6,121
226 Transmission line equipment	40,541,891	33,447,060	39,618,550	32,685,304	923,341	761,756
227 Other transmission system property	168,708	143,627	168,168	143,141	540	486
Total transmission system property	$50,820,409	$42,415,723	$49,847,138	$41,605,196	$973,271	$810,527
[fol. 4345] General property:						
244 General office land	$108,906	$108,906	$108,906	$108,906		
245 Other general land	2,757	2,757	2,757	2,757		
247 General office structures	284,045	275,524	284,045	275,524		
248 Other general structures	81,595	64,981	81,595	64,981		
249 General office equipment	132,145	116,101	132,145	116,101		
251 General shop equipment	104,477	83,335	104,477	83,335		
256 General tools and implements	367,339	301,537	367,339	301,537		
253 General garage equipment	11,201	7,891	11,201	7,891		
254 General laboratory equipment	173,529	128,312	173,529	128,312		
255 General telephone and telegraph system						
Total general property	$1,265,994	$1,089,344	$1,265,994	$1,089,344		
Total production, transmission and general systems	$79,996,890	$65,991,793	$79,023,619	$65,181,266	$973,271	$810,527
Undistributed construction expenditures:						
258 Engineering and superintendence during construction	3,246,422	3,049,442	3,197,772	3,004,047	48,650	45,395
259 General officers' and clerks' salaries during construction						
260 General officers' and clerks' expenses during construction	1,599,938	1,599,938	1,580,473	1,580,473	19,465	19,465
261 Office supplies and expenses during construction						
262 Law expenditures during construction						
264 Insurance during construction	1,199,953	1,199,953	1,185,354	1,185,354	14,599	14,599
265 Taxes during construction						
266 Interest during construction	5,599,782	4,619,426	5,531,653	4,562,689	68,129	56,737

Co. Exhibit 45—Continued

Acct. No.	Classification	Total property		Ohio		Indiana	
		New	Less deterioration	New	Less deterioration	New	Less deterioration
	Total undistributed construction expenditures	$11,646,095	$10,468,759	$11,495,252	$10,332,563	$150,843	$136,196
	Cost of financing	3,199,876	3,199,876	3,160,945	3,160,945	38,931	38,931
	Total	$96,842,783	$81,660,350	$95,655,406	$80,650,364	$1,187,377	$1,009,986
	Working capital including materials and supplies	3,700,000	3,700,000				
	Total	$100,542,783	$85,360,350				
	Going concern value	12,000,000	12,000,000				
	Total	$112,542,783	$97,360,350				

[fol. 4346] Co. Exhibit 58

This contract and agreement, made this 31st day of October, 1927, by and between United Fuel Gas Company, a corporation of the State of West Virginia (hereinafter called the United Company), party of the first part, Ohio Fuel Gas Company, a corporation of the State of Ohio (hereinafter called the Ohio Company), party of the second part, Huntington Gas Company, a corporation of the State of West Virginia (hereinafter called the Huntington Company), party of the third part, Manufacturers Light & Heat Company, a corporation of the State of Pennsylvania (hereinafter called the Manufacturers Company), party of the fourth part, and Ohio Fuel Supply Company, a corporation of the State of Ohio, (hereinafter called the Supply Company), party of the fifth part;

Witnesseth:

Whereas, the United Company entered into a contract dated the 31st day of July 1916 amending and continuing in effect except as amended previous contracts therein referred to by which it agreed to sell to the Columbia Gas & Electric Company, a corporation, and the Ohio Fuel Supply Company, a corporation, all of the natural gas which might be produced by it in excess of the demands and needs of its public service consumers to the extent that the said Columbia Gas & Electric Company and said Ohio Fuel Supply Company might desire to purchase said gas, said sales and said contracts to be approximately twenty billion cubic feet per year, 51 per cent thereof to be delivered to the said Columbia Gas & Electric Company at Ball's Gap, West Virginia, and 49 per cent thereof to The Ohio Fuel Supply Company at Ravenswood, West Virginia, at a basic price of seven (7) cents per thousand cubic feet, with provisions for increase of said price under certain conditions in said contract mentioned; and,

Whereas, by a contract dated the 30th day of April, 1924, the said Columbia Gas & Electric Company entered into a [fol. 4347] contract with the Ohio Company, providing for the delivery of a certain part of its 51% of the gas purchased under the foregoing contract to the said Ohio Company at Ravenswood, in lieu of the delivery thereof at Ball's Gap; and,

Whereas, by a contract dated April 30, 1924; the United Company entered into a contract with the Supply Company providing for the delivery of certain part of its 49% of the gas purchased under the foregoing contract to the said Supply Company at Spencer, West Virginia, in lieu of the delivery thereof at Ravenswood; and,

Whereas, the said Columbia Gas & Electric Company has assigned, transferred and set over, by a certain writing dated the 1st day of April, 1927, all of its rights and interests under said contracts to the Huntington Company, party of the third part herein, and Huntington Company has accepted the same and agreed to perform all of the obligations of the said Columbia Gas & Electric Company thereunder; and,

Whereas, the Supply Company has assigned and does by the execution of this contract assign, set over, and transfer unto the Ohio Company, party of the second part hergin, and the said Manufacturers Company, party of the fourth part herein, the gas purchased by it under said contract and being the 49 per cent of the quantity sold by the said United Company thereunder, and by the execution of this contract said Supply Company assigns, sets over and transfers to the said Ohio Company and the said Manufacturers Company all of its rights under and by virtue of said terms of said contract and the said Manufacturers Company and Ohio Company assume all of the obligations of the said Supply Company thereunder; and,

Whereas, the said Columbia Gas & Electric Company has assigned, set over and conveyed unto the said United Company certain properties, consisting of pipe line systems, [fol. 4348] gas territory and wells thereon drilled, situated in the State of West Virginia, from which it was procuring approximately six (6) billion cubic feet of gas per year and which it was under obligation to deliver to The Union Gas & Electric Company to supply, in part, its Cincinnati market; and,

Whereas, the said Huntington Company, party of the third part herein, has assumed the said obligation to deliver said gas to said The Union Gas & Electric Company for said Cincinnati market; and,

Whereas, because of the changed relations between the parties to said contract of July 31, 1916, and their succes-

sors, it is no longer desirable that the proportions in which said gas is to be delivered to the various parties entitled thereto under said contract shall be preserved as therein provided, but it is desirable that said gas be delivered at the various points of exchange between the said companies in such quantities as to meet the demands of the system as a whole; and,

Whereas, it is desirable that the price at which said gas is furnished by the said United Company to the various parties who are entitled to the same under the said contract, as the same is or may be modified hereby, be readjusted;

Now, therefore, in consideration of the premises and of the mutual covenants to be performed by the respective parties hereto, and for the purpose of amending said contract of July 31, 1916, in the following respects (said contract however, except as so amended to remain in full force and effect), it is hereby agreed as follows:

First: That the gas delivered by the said United Com-[fol. 4349] pany to the said Huntington Company, Ohio Company and Manufacturers Company hereunder shall have the same priority of right to the supply of the said United Company that was enjoyed by the predecessors of said Huntington Company, Ohio Company and Manufacturers Company; it being the intention of this contract to in no way change the rights of the said purchasing companies to receive the total quantities of gas provided by said contract of the 31st day of July, 1916, in the priority and amounts which their predecessors were entitled to receive the same under said contract.

Second: The said United Company shall deliver to the said Huntington Company, or its order, at the station at Ball's Gap, all of the gas which may be produced from the gas lands and properties sold and transferred to the said United Company by the said Columbia Gas & Electric Company by deed dated April 1, 1927, which said quantity of gas the parties agree shall be six (6) billion cubic feet per annum.

Third: The gas provided to be sold by the said contract of July 31, 1916, and the previous contracts therein referred to, to the Columbia Gas & Electric Company and the

Supply Company, or so much thereof as may be available for delivery as under said contract, shall be delivered by the United Company as follows: To the Huntington Company, at Balls Gap, West Virginia, 45 per cent thereof; to the Ohio Company, at Ravenswood, West Virginia, 45 per cent thereof; and to the Manufacturers Company, at Spencer, West Virginia, 10 per cent thereof; and the said Huntington Company, Ohio Company and Manufacturers Company agree to receive said gas at said points in the quantities aforesaid. In the event the said United Company shall not have available for delivery under the terms hereof sufficient gas to meet the requirements of the contracts aforesaid, then such amount as it has available under [fol. 4350] the terms of this contract shall be delivered to the parties aforesaid in the proportions aforesaid. In case any of the parties hereto entitled to receive any of the natural gas from the said party of the first part should at any time be not able or not desirous of taking the full amount of gas which it is entitled to as aforesaid, then it may transfer the whole or any part of the natural gas to which it is entitled to either of the other parties entitled to receive hereunder with the consent of the party or parties to which such transfer is made.

Fourth: The price to be paid by the said Huntington Company, Ohio Company and Manufacturers Company for the natural gas delivered as aforesaid shall be for all of the natural gas delivered during the first year from the date this contract goes into effect twenty-five and one-half (25½) cents per thousand cubic feet, and for the second year after the date this contract goes into effect twenty-six and one-half (26½) cents per thousand cubic feet, and for all gas delivered thereafter twenty-six and one-half (26½) cents per thousand cubic feet unless the parties readjust the said price, and the parties hereby agree that they will at least six (6) months before the expiration of the second year of this contract meet for the purpose of modifying said price if at such meeting modification of said price is deemed advisable.

Fifth: It is understood and agreed that the said United Company has certain obligations to its domestic consumers in the State of West Virginia, and that it can deliver under this contract only such amount of gas as it may have avail-

able after meeting the demands of said consumers, and the right of the said Huntington Company, Ohio Company and [fol. 4351] Manufacturers Company to receive gas hereunder will be subject to the demands of said consumers in West Virginia, but as to all other demands of the said United Company the gas to be delivered hereunder shall have the same priority as the gas provided to be delivered under the contract of July 31, 1916.

Sixth: It is further agreed and understood that the said gas to be delivered hereunder shall be delivered and the same shall be received in approximately the following percentages of the total in each month during each year, that is to say:

Month	Per cent
January	12½
February	12½
March	11
April	8½
May	7
June	5
July	4½
August	4½
September	5
October	8
November	9½
December	12

and that the said Huntington Company, Ohio Company and Manufacturers Company shall take of said gas during each month a quantity bearing a constant percentage to their respective total demands in their domestic service.

Seventh: This contract shall be effective and apply to all gas delivered from and after the date hereof. This contract shall remain in force and effect so long as the said United Company shall produce natural gas from the gas lands, rights, and leases owned or and controlled by it in excess of the quantity needed by it to supply its public service consumers, but said United Company may terminate this contract on the 31st day of July of any year hereafter as to all or any of the other parties by giving to them eighteen (18) months' notice in advance of said date of its intention so to do, and each of the other parties to this contract may termi-

nate the same in so far as they are respectively concerned [fol. 4352] on the 31st day of July of any year hereafter by giving a like eighteen (18) months' notice to the said United Company of such intention to so terminate the same.

Eighth: All of the provisions of said contract of July 31, 1916 and all of the contracts which are therein referred to and continued in force shall remain in full force and effect and be binding upon the parties hereto except as they are modified hereby or are inconsistent with the provisions hereof.

In witness whereof, the parties hereto have caused these presents to be signed in their respective corporate names, by their respective duly authorized officers, and their respective corporate seals to be hereunto affixed, in quintuplet.

United Fuel Gas Company, by H. A. Wallace, President, W. R. Kay, Asst. Secy. Ohio Fuel Gas Company, by Raymond Cross, President, P. A. Alberty, Asst. Secy.

Attest: E. Reynolds, Secretary.

Huntington Gas Company, by W. W. Freeman, Vice-President. Manufacturers Light & Heat Company, by [name illegible], President, David E. Mitchell, Asst. Secy. Ohio Fuel Supply Company, by Raymond Cross, President, P. A. Alberty, Asst. Secy.

[fol. 4353] Co. Exhibit 59

Agreement, entered into this 30th day of August, A. D. 1926, between United Fuel Gas Company, a corporation of West Virginia, hereinafter called "Selling Company", party of the first part, and Hope Natural Gas Company, also a corporation of West Virginia, hereinafter called the "Buying Company", party of the second part;

Whereas, in and by a certain agreement dated August 25, 1916, the Selling Company agreed to sell and the Buying Company agreed to purchase certain quantities of natural gas, to be delivered at a point called Cedarville, in Gilmer County, West Virginia, pursuant to which natural gas has been delivered since early in the year 1917; and,

Whereas, said original agreement has from time to time been modified, and particularly so by a certain supplemental agreement dated November 13, 1924; and,

Whereas, the parties are willing to extend the term of said above mentioned original agreement dated August 25, 1916, at the prices and as to the amount of gas and as to the other terms hereinafter recited;

Now, this agreement witnesseth: That in consideration of the premises, it is mutually covenanted and agreed between the parties hereto:

1. That the original agreement between the parties hereto, above referred to, dated August 25, 1916, shall be extended and continue in full force and effect as herein modified, until such time as either the Selling Company or the Buying Company shall give to the other company one year's written notice of cancellation and termination, and upon the expiration of such one year's notice the original agreement, as hereby modified, shall cease and determine. But such notice of cancellation shall not be given before June 1, 1929, and to be effective shall be given thereafter only in the month of June, it being the intention to extend the term of said agreement so that it shall not expire and cannot be terminated [fol. 4354] prior to midnight of the 31st day of July, 1930.

2. The prices for all gas delivered under the said original agreement of August 25, 1916, as hereby modified, after midnight of July 31, 1926, in lieu of the prices specified in said original agreement and in any supplements thereto, shall be for all deliveries of gas, per thousand cubic feet, daily, between midnight and midnight, the following:

During the year beginning August 1, 1926, and ending at midnight on the 31st day of July, 1927:

For the first ten million cubic feet per day, twenty-one (21) cents;

For the eleventh million cubic feet per day, twenty-two (22) cents;

For the twelfth million cubic feet per day, twenty-three (23) cents;

For the thirteenth million cubic feet per day, twenty-four (24) cents;

For the fourteenth million cubic feet per day, twenty-five (25) cents;

For the fifteenth million cubic feet per day, twenty-six (26) cents;

For the sixteenth million cubic feet per day, twenty-seven (27) cents;

For the seventeenth million cubic feet per day, twenty-eight (28) cents;

For the eighteenth million cubic feet per day, twenty-nine (29) cents;

For the nineteenth million and all in excess thereof delivered each day, thirty (30) cents.

During the year beginning August 1, 1927, and ending at midnight of July 31, 1928:

For the first ten million cubic feet per day, twenty-four (24) cents;

For the eleventh million cubic feet per day, twenty-five (25) cents;

For the twelfth million cubic feet per day, twenty-six (26) cents;

For the thirteenth million cubic feet per day, twenty-seven (27) cents;

For the fourteenth million cubic feet per day, twenty-eight (28) cents;

For the fifteenth million cubic feet per day, twenty-nine (29) cents;

For the sixteenth million cubic feet per day, thirty (30) cents;

For the seventeenth million cubic feet per day, thirty-one (31) cents;

For the eighteenth million cubic feet per day, thirty-two (32) cents;

[fol. 4355] For the nineteenth million and all in excess thereof, delivered each day, thirty-three (33) cents.

During the year beginning August 1, 1928, and ending at midnight of July 31, 1929:

For the first ten million cubic feet per day, twenty-five (25) cents;

For the eleventh million cubic feet per day, twenty-six (26) cents;

For the twelfth million cubic feet per day, twenty-seven (27) cents;

For the thirteenth million cubic feet per day, twenty-eight (28) cents;

For the fourteenth million cubic feet per day, twenty-nine (29) cents;

For the fifteenth million cubic feet per day, thirty (30) cents;

For the sixteenth million cubic feet per day, thirty-one (31) cents;

For the seventeenth million cubic feet per day, thirty-two (32) cents;

For the eighteenth million cubic feet per day, thirty-three (33) cents;

For the nineteenth million and all in excess thereof, delivered each day, thirty-four (34) cents.

During the year beginning August 1, 1929, and ending at midnight of the 31st day of July, 1930:

For the first ten million cubic feet per day, twenty-five and one-half (25½) cents;

For the eleventh million, twenty-six and one-half (26½) cents;

For the twelfth million, twenty-seven and one-half (27½) cents;

For the thirteenth million, twenty-eight and one-half (28½) cents;

For the fourteenth million, twenty-nine and one-half (29½) cents;

For the fifteenth million, thirty and one-half (30½) cents;

For the sixteenth million, thirty-one and one-half (31½) cents;

For the seventeenth million, thirty-two and one-half (32½) cents;

For the eighteenth million, thirty-three and one-half (33½) cents;

For the nineteenth million and all in excess thereof, delivered each day, thirty-four and one-half (34½) cents.

3. The Selling Company and the Buying Company agree to meet on or before the 30th day of June, 1929, and on or before the 30th day of June of each year thereafter during [fol. 4356] the continuance of said original agreement as

herein and hereby extended, for the purpose of fixing and determining the price to be paid for gas delivered during the year commencing at midnight one year after the 31st day of July next following such meeting.

4. That the maximum quantity of gas agreed to be sold by the Selling Company and agreed to be purchased by the Buying Company as fixed by the term of said original agreement between the parties hereto, dated August 25, 1916, in paragraph Second thereof, as six billion two hundred million (6,200,000,000) cubic feet of natural gas, and subsequently reduced to five billion (5,000,000,000) cubic feet of natural gas each year by the supplemental agreement of November 13, 1924, shall be and is hereby established at five billion (5,000,000,000) cubic feet of natural gas for each year of the remainder of the term of said original agreement as extended herein. This maximum quantity of five billion (5,000,000,000) cubic feet, however, is to be apportioned or allocated into monthly deliveries in the percentages and with the variations as to monthly and daily deliveries provided for in the Third paragraph of said original agreement dated August 25, 1916, and be subject to increase or decrease, as provided in the Fifth paragraph of said agreement, in case more or less gas that is properly apportionable to January, February and March of any year is delivered during said period.

5. In case the Buying Company should resell before delivery into its pipe line all or any part of the natural gas it agrees herein to purchase, it may, by written order, require the quantity of gas so resold to be delivered at the delivery point fixed in said original agreement at Cedarville, to the Buying Company's vendee or vendees, but this quantity of gas in every case shall be charged to and treated and considered for all purposes under the provisions of this agreement and of said original contract as if not so resold and as if delivered directly to the Buying Company.

6. The Selling Company covenants and agrees that it [fol. 4357] will, during the year 1926, and during each and every year thereafter during the continuance of said original agreement of August 25, 1916, as hereby extended, complete and put into use at least eighty-five additional gas wells and make such expenditures for the installation of

additional compressing station capacity as are justified in good gas practice to deliver the quantities of gas which it is obligated to deliver to the Buying Company.

7. Notwithstanding anything in said original contract of August 25, 1916, or in any of its supplements, to the contrary, the Buying Company agrees that the Selling Company, so long as it has complied fully with its current obligations to deliver gas to the Buying Company at Cedarville out of its twenty inch pipe line to that point of connection with the pipe line of the Buying Company, may use the remainder of the capacity of its twenty inch pipe line for the transportation of gas for its own uses and purposes.

8. The provision in said original contract in regard to the pressures to be maintained at Cedarville by the Selling Company is hereby modified as follows, that is to say: It is understood that during the five months of November, December, January, February and March the Selling Company will operate its plant to capacity, and that if at any time during said five months the Buying Company is not able to have delivered to it its quota of gas from the operation of the Selling Company's plant, it, the said Buying Company, will do such pumping as may be necessary to enable it to take said quota. During the other seven months of the year the Selling Company agrees to maintain the pressure provided for in the original contract.

9. Said original agreement between the Buying Company and the Selling Company, dated August 25, 1916, as heretofore and herein and hereby modified, changed and extended, is hereby ratified and confirmed, and shall continue in full force and effect as to all of its terms and conditions [fol. 4358] except as herein modified, until its cancellation and termination as hereinabove provided, and shall, as to all of its terms and conditions, extend to and be binding upon the successors and assigns, respectively, of the Buying Company and the Selling Company.

In witness whereof, the parties hereto have caused their respective corporate seals to be hereto affixed, duly attested, the day and year first above written.

United Fuel Gas Company, by H. A. Wallace, Vice-President.

Attest: B. Dewitt Blaecher, Assistant Secretary.

Hope Natural Gas Company, by Jno. B. Corrin, Vice-President.

Attest: S. E. Burnside, Secretary.

STATE OF NEW YORK,
County of New York, to-wit:

I, W. B. Robertson, a Notary Public for said County, do certify that H. A. Wallace personally appeared before me in my said County, and being by me duly sworn, did depose and say that he is Vice-President of the United Fuel Gas Company, one of the corporations described in the writing above and hereto annexed, bearing date the 30th day of August, 1926, authorized by said Corporation to execute and acknowledge deeds and other writings of said corporation, and that the seal affixed to said writing is the corporate seal of said corporation, and that said writing was signed and sealed by him in behalf of said corporation by its authority duly given. And the said H. A. Wallace acknowledged the said writing to be the act and deed of said corporation.

Given under my hand and official seal this 30th day of August, 1926.

W. B. Robertson, Notary Public. My commission expires March 30, 1928.

[fol. 4359] STATE OF PENNSYLVANIA,
County of Allegheny, to-wit:

I, Harvey Rankin, a Notary Public for said County, do certify that Jno. B. Corrin personally appeared before me in my said County, and being by me duly sworn, did depose and say that he is Vice President of the Hope Natural Gas Company, one of the corporations described in the writing hereto annexed, bearing date the 30th day of August, 1926, authorized by said corporation to execute and acknowledge deeds and other writings of said corporation, and that the seal affixed to said writing is the corporate seal of said corporation, and that said writing was signed and sealed by him in behalf of said corporation by its authority duly given. And the said Jno. B. Corrin acknowledged the said writing to be the act and deed of said corporation.

Given under my hand and official seal this first day of October, 1926.

Harvey Rankin, Notary Public. My commission expires January 18th, 1929.

[Stamp:] Harvey Rankin, Notary Public. My commission expires January 18, 1929.

[fol. 4360] Co. Exhibit 60

This Agreement made and entered into the 15th day of October, 1928, by and between the United Fuel Gas Company, a West Virginia corporation, party of the first part, hereinafter called the "United Company"; Hope Natural Gas Company, a West Virginia corporation, party of the second part, hereinafter called the "Hope Company"; Reserve Gas Company, a West Virginia corporation, party of the third part, hereinafter called the "Reserve Company"; The Connecting Gas Company, an Ohio corporation, party of the fourth part, hereinafter called the "Connecting Company"; and The Ohio Fuel Gas Company, an Ohio corporation, party of the fifth part, hereinafter called the "Fuel Company".

Whereas, under and by virtue of a certain agreement bearing date the 25th day of August, 1916, made by and between the United Company and the Hope Company, the United Company is now delivering to the Hope Company certain quantities of natural gas into the Hope Company's line H-100 at a point near Cedarville, in Gilmer County, West Virginia, subject to the modifications of said original agreement made from time to time, and particularly by agreements bearing date respectively, May 1st, 1920, August 7th, 1922, and November 13th, 1924, and

Whereas, the United Company now desires the Hope Company to receive into said line at said point near Cedarville certain additional quantities to be transported and delivered by the Hope Company to the Reserve Company at connections to be made between the Hope Company's said line and Reserve Company's line R-32, at the Hope Company's Cove Lick Station in Lewis County, West Virginia, and

Whereas, the United Company has requested the Reserve Company to receive said gas into its said line and to transport and deliver the same to the Connecting Company at [fol. 4361] the West bank of the Ohio River, and has further requested the Connecting Company to receive said gas into one of its existing lines and to transport and deliver the same to the Fuel Company at Sugar Grove, in Fairfield County, Ohio, and

Whereas, in order to make the connection between Hope Company's line H-100 and Reserve Company's line R-32 it will be necessary to construct and lay approximately 2.1 miles of ten inch pipe line and it will also be necessary to disconnect approximately 28 gas wells of the Reserve Company from its line R-32, and to construct and lay the necessary gathering lines and reconnect said wells to another pipe line or pipe lines in the vicinity of said line R-32.

Now, therefore, in consideration of the premises and of the mutual covenants herein contained, the parties hereto have covenanted and agreed and do hereby covenant and agree as follows:

1. The Reserve Company covenants and agrees to furnish the pipe, connections, fittings and labor and to construct and lay approximately 2.1 miles of pipe line leading from the present terminus of its ten inch line R-32 to said Cove Lick Station and to connect said line to Hope Company's line H-100 at said Station. Reserve Company further covenants and agrees to disconnect from its said line R-32 all of its gas wells now connected to said line between said Cove Lick Station and Reserve Company's Camden Station and to furnish the necessary pipe, connections, fittings and labor and rights of way or easements and to construct and lay the necessary gathering lines for the purpose of reconnecting said wells to another line or lines of the Reserve Company now laid or to be laid in the vicinity of said line R-32. The Reserve Company agrees to begin said work promptly upon the execution and delivery of this agreement and to complete the same with due diligence. The disconnection of said wells from said line R-32 and the con- [fol. 4362] struction of the 2.1 miles of ten inch pipe line aforesaid shall be completed not later than the 30th day of November, 1928. Reserve Company further covenants and agrees, on the completion of the work of disconnecting

said wells from its said line R-32 and reconnecting the same to another line or lines in the vicinity thereof, to submit to the United Company a detailed statement of the entire cost and expense to the Reserve Company of making said disconnections and reconnections, including in said statement the total amount of costs and expenses for labor, teaming, freight, easements and rights of way and all other costs and expenses properly chargeable thereto, including the cost of new pipe and other new materials required for said lines, and the United Company covenants and agrees to promptly reimburse the Reserve Company for the entire amount of said costs and expenses to be included in said statement.

The Reserve Company further covenants and agrees to keep a proper and accurate detailed statement of the entire cost of the said 2.1 miles of ten inch pipe line to be constructed by the Reserve Company, including therein the cost of the materials, labor, freight, teaming, the cost and expense of procuring rights of way or easements and all other costs and expenses properly chargeable thereto, and submit said statement to the United Company if the United Company be required, under the terms hereof, to reimburse the Reserve Company for any part of said costs and expenses, and it is agreed by and between the United Company and the Reserve Company that if this agreement be cancelled and terminated by or at the instance of either the United Company or the Fuel Company before December 1st, 1929, then United Company will reimburse the Reserve Company to the extent of two-thirds (⅔) of the aforesaid costs and expenses after receiving a credit of the second hand value of said pipe less the cost of taking up and lift-[fol. 4363] ing said pipe and transporting it to such warehouse as the Reserve Company may desire to store the same. If this agreement shall continue two years but be cancelled at the end of the second year by or at the instance of either the United Company or the Fuel Company, then the United Company agrees to reimburse the Reserve Company to the extent of one-third (⅓) of said costs and expenses after receiving a credit of the second hand value of said pipe less the cost of taking up, lifting and transporting said pipe to such warehouse; but if this agreement shall continue during the term of three years or longer, United Company shall not be required to reimburse the Reserve

Company for any part of said costs and expenses (excepting as hereinafter provided in case of any deficiency in annual deliveries during said three year period) incurred by it in connection with the construction of said 2.1 miles of ten inch pipe.

2. The United Company covenants and agrees to deliver to the Hope Company three hundred sixty million (360,000,000) cubic feet of gas each month during the four winter months of December, 1928, January, February and March, 1929, and a like quantity each month during the said four winter months of each succeeding year during the term of this agreement, and the Hope Company covenants and agrees to accept the same. It is provided, however, that the quantity deliverable during any month shall be delivered in substantially uniform daily quantities during such month but the deliveries in any day may, however, vary between eleven million (11,000,000) and thirteen million (13,000,000) cubic feet. It is further provided, however, that in the event the United Company should fail to deliver to the Hope Company under this agreement as much as three hundred sixty million (360,000,000) cubic feet of gas during any of said four winter months, it shall not have the right to make up the deficiency in any succeeding month without the consent in writing of the Hope Company [fol. 4364] having been first obtained. It is also provided that in case the United Company fails to deliver for transportation during any of said four winter-month periods of the first, second or third years of the term hereof, or of as many of said years as this agreement continues to be operative, the quantity of gas above specified of three hundred sixty million (360,000,000) cubic feet per month, aggregating for each four month period one billion four hundred forty million (1,440,000,000) cubic feet, it shall, to the extent of any deficit in such deliveries in any such year, pay to the Reserve Company three and three-fourths (3¾) cents per thousand cubic feet in order that at the end of the third year, or at the end of the first or second year if this agreement be cancelled at the end of either of such years, the one-third (⅓) part of the cost of said 2.1 miles of ten inch line shall be returned to the Reserve Company annually so long as this agreement continues to be operative, such payment to be made within thirty days after a statement has been furnished the United Company by the Re-

serve Company showing the extent of deficits in deliveries during any such years or four winter month period.

3. The aforesaid gas to be delivered hereunder by the United Company to the Hope Company shall be delivered into the Hope Company's said line H-100 at the gas measuring station of United Company known as the Cedarville Station, and in order to facilitate the delivery of said gas at said station, said United Company agrees to maintain a guage pressure at its Cobb Station equal to three hundred and ten (310) pounds.

4. The measurement of the gas at said Cedarville Station shall be computed according to Boyle's law on the basis of 10 ounces above atmospheric pressure, 14.4 pounds per square inch being adopted as atmospheric pressure and 40° F. flowing and 50° F. storage as temperature basis, without allowance for actual temperature and barometric conditions.

[fol. 4365] Joint tests in December and March of the specific gravity of the gas shall be made by the parties hereto during the continuance of this agreement and tests of the meters and measuring apparatus now installed at said measuring station and that may be installed hereafter shall be made jointly or by competent authority satisfactory to both parties as often as either party may desire; the cost of such test to be borne equally. Daily reports of the readings of the meter or meters shall be mailed to each party and the United Company shall give complete and immediate information by telephone or telegraph as to hourly pressures and deliveries when requested by the Hope Company.

5. The Hope Company covenants and agrees to transport the quantities of gas so delivered to it hereunder by the United Company and deliver same to the Reserve Company at said Cove Lick Station but without being required to compress or pump said gas for the purpose of making delivery thereof to the Reserve Company, but it is understood and agreed between the United Company and the Hope Company that the gas to be delivered hereunder is to be taken by the Hope Company and received into its said line H-100 where said gas may be commingled with the gas now being delivered by the United Company to the Hope Company into said line under the aforesaid agree-

ment of August 25th, 1916, and subsequent modifications thereof above referred to. It is further understood, however, between the United Company and the Hope Company that the delivery of the gas to be delivered hereunder shall not have preference over the delivery of the gas which the Hope Company is entitled to receive under the agreement of August 25th, 1916, and the modifications thereof, but that the Hope Company shall have the right at its option to take first the quantity of gas the Hope Company is entitled to under said agreement and modifications thereof and the balance delivered each day into said line shall be treated and deemed to have been delivered under the terms and for the purposes hereof.

[fol. 4366] 6. The Reserve Company covenants and agrees to receive into its said line R-32 at its connection with the Hope Company's line H-100 at Cove Lick Station said gas to the extent the same may be delivered to it by the Hope Company but not in excess of three hundred sixty million (360,000,000) cubic feet per month, and to transport said gas through its said pipe line R-32 to Reserve Company's Camden Station where said gas shall be compressed through one stage and transported through the lines of the Reserve Company with other gas to the west bank of the Ohio River, where a like quantity of gas shall be delivered by the Reserve Company into one of the existing pipe lines of the Connecting Company.

The gas so delivered by the Hope Company to the Reserve Company at Cove Lick Station shall be measured at said Station on the same basis, in the same manner and under the same conditions as are hereinbefore set forth for the measurement of said gas at said Cedarville Station. The meter for the measurement of said gas shall be furnished by the Hope Company and the cost of installing, maintaining, repairing and reading said meter shall be borne by the United Company.

7. The Connecting Company agrees to receive said gas to the extent that the Reserve Company causes it to be delivered, (but not in excess of three hundred sixty million (360,000,000) cubic feet in any month) into one of the existing sixteen inch pipe lines of the Connecting Company at the west bank of the Ohio River against the varying pressures from time to time maintained therein, and to

transport said gas to its Sugar Grove Station in Fairfield County, Ohio, where said gas shall be measured in the manner now provided for the measurement of other gas delivered at said station, and will deliver the same at said station to the Fuel Company, or at its direction as a volume of gas to be added to the volume deliverable from time to time to said Fuel Company under the existing contract of April 11th, 1913, and subsequent contracts made in con- [fol. 4367] nection therewith and supplemental thereto, and the Fuel Company covenants and agrees to accept the same. It is understood, however, between all of the parties hereto that the Connecting Company shall not be required hereafter to accept gas at any time in volumes or under conditions which will in any degree interfere with its ability to comply with said contract of April 11th, 1913, or with any other contract heretofore executed and remaining effective and operative after the date hereof.

8. The United Company covenants and agrees to warrant generally the title to the gas to be delivered to the Hope Company hereunder and to protect and save harmless the Hope Company of and from all claims and demands whatsoever to said gas or any part thereof that may, might or could be made by any other person, firm or corporation, and the Fuel Company covenants and agrees to protect and save harmless the Connecting Company and the Reserve Company of and from all claims and demands whatsoever to said gas or an part thereof that may, might or could be made by any other person, firm, company or corporation.

9. In case any tax or assessment is now or hereafter imposed on natural gas or its production, transportation, sale, delivery or use, or the business of producing, transporting, selling, delivering or using natural gas or in any other manner so as to constitute directly or indirectly a charge on the gas delivered hereunder, the amount of such tax or assessment shall be borne by the United Company, and in the event the Hope Company, Reserve Company or Connecting Company is required to pay the same, the United Company agrees to promptly reimburse the Company required to make such payments.

10. At the end of each month during which gas is delivered under this agreement statements, accompanied by meter charts if requested, showing the delivery of gas dur-

[fol. 4368] ing the month, shall be rendered to the parties entitled thereto and requesting the same, and the Hope Company agrees to accept three-fourths of one cent (¾¢) per thousand cubic feet for the transportation of said gas from Cedarville Station to Cove Lick Station, as ascertained by the meter readings at Cedarville Station. The Reserve Company covenants and agrees to accept six cents (6¢) per thousand cubic feet for compressing and transporting said gas from Cove Lick Station to the west bank of the Ohio River, based on the meter readings at said Cove Lick Station, and the Connecting Company covenants and agrees to accept two and one-fourth cents (2¼¢) per thousand cubic feet for the transportation of said gas from the west bank of the Ohio River to Sugar Grove, based on the meter readings at Sugar Grove, all of which said rates and prices the United Company covenants and agrees to pay to the respective parties, said payments to be made monthly on or before the 25th day of the month following that in which the gas was transported.

11. It is agreed between the parties hereto that no account shall be taken of the ordinary loss of gas by leakage. The Hope Company, Reserve Company and the Connecting Company, each for itself, covenants and agrees to keep its respective lines in a condition of good repair so as to prevent as far as reasonably possible the waste of gas by leakage. It is further agreed between all of the parties to this agreement that neither the Hope Company, Reserve Company nor the Connecting Company shall be required to make good any losses in the quantity of gas delivered hereunder for transportation occasioned by the breakage of any lines through which said gas is transported. In the event of the breakage of any line through which said gas is being transported, the quantity of such loss shall be determined in cubic feet as nearly as may be from the information obtainable and the Company from whose line said gas may [fol. 4369] escape by reason of such breakage shall have the right to deduct the amount of such loss from the quantity required to be delivered hereunder by such Company.

12. If any party to this agreement is prevented from the performance of its obligations hereunder by accidents to its pipe lines, compressors and appliances or any of them, or by embargoes, injunctions or other legal proceedings or other causes beyond its control, it shall be relieved from any

liability for non-performance and shall not be held liable to account in damages or otherwise for loss of gas which may escape by reason thereof, but it agrees to use diligent effort to put itself in position promptly to resume delivery and to accept the delivery of gas under the provisions hereof.

13. This agreement shall continue in force and effect for the term of one year from the 1st day of September, 1928, and thereafter from year to year until cancelled and terminated by notice in writing, and it is agreed that upon the termination of said one year period or at any time thereafter, each party shall have the right to terminate this agreement by giving to the other parties notice in writing of its desire and intention to cancel and terminate the same, but said notice to be effective must be given on or before the 15th day of September of the calendar year in which cancellation is desired.

14. All of the terms, conditions and provisions hereof shall extend to and be binding upon the respective successors and assigns of the parties hereto.

In witness whereof the parties hereto have caused these presents to be duly executed by their proper corporate officers and their corporate seals, duly attested, to be hereto affixed the day and year first above written.

[fol. 4370] United Fuel Gas Company, by H. A. Wallace, President.

Attest: —— ——, Secretary.

Hope Natural Gas Company, by Jno. B. Corrin, Vice President.

Attest: S. E. W. Burnside, Secretary.

Reserve Gas Company, by J. B. Tomkin, President.

Attest: S. E. W. Burnside, Secretary.

The Connecting Gas Company, by Jno. B. Corrin, Vice President.

Attest: S. E. W. Burnside, Secretary.

The Ohio Fuel Gas Company, by Raymond Cross, President.

Attest: P. A. Alberty, Secretary.

[fol. 4371] Co. Exhibit 61.

Articles of Agreement made and entered into this 1st day of October, 1924, by and between Union Natural Gas Corporation, a corporation organized and doing business under the laws of the State of Delaware, party of the first part, hereinafter called Union and The Logan Gas Company, a corporation organized and doing business under the laws of the State of Ohio, party of the second part, hereinafter called Logan.

First

The parties hereto agree that the following recitals are true:

(a) Logan is the owner of a system of gas transporting pipe lines in the States of Ohio and Indiana, which begins at Sugar Grove, Fairfield County, Ohio, and one branch whereof runs northwardly toward and to Lake Erie, and another branch westwardly into the State of Indiana, through and by which system of pipe lines, it is distributing and selling natural gas to a large number of consumers thereof in various cities, towns and municipalities within the said states and along the said system.

(b) Logan has for many years last past secured large quantities of natural gas with which to supply its customers from producing territory owned by it in the State of Ohio, but the output of gas from such territory has now diminished in both volume and pressure to such a point that Logan must arrange, if possible, for a more ample supply of natural gas elsewhere and has applied to Union therefor.

(c) Union controls certain gas produced in the State of West Virginia, which is available for delivery to Logan at Gravel Bank, a point on the dividing line between the States of West Virginia and Ohio.

[fol. 4372] (d) The connecting gas company hereinafter called connecting, is a carrier of natural gas and owns and operates a system of trunk pipe lines for the transportation of natural gas from said point at Gravel Bank to a point known as Sugar Grove.

(e) Logan acknowledges that Union enters into all of its covenants, agreements and undertakings in this con-

tract contained with the express understanding and agreement on the part of Logan that Union shall not be forced or required by any provision hereof, to cause all the gas which it controls or which it produces in the State of West Virginia, to be delivered to Logan only, but that Union may, if it so elects, cause such gas to be delivered to other purchasers and consumers. And if the quantity of gas which Union shall from time to time control, shall become insufficient in volume or pressure to supply Logan with its requirements in pursuance hereof, then the gas to be delivered hereunder shall, during all such times, be a pro rata share of such gas; Such pro rata distribution to be based upon the amount of consumption by the several customers, consumers, and purchasers to whom Union may order and direct the said gas to be delivered; And Union shall cause such distribution to be made as nearly equitable as possible; And so long as Union acts in good faith directing such pro rata distribution, the distribution so ordered and directed by it, shall be binding and conclusive upon both parties hereto.

(f) Logan hereby expressly acknowledges that the production of natural gas from wells and the transportation thereof over long distances, is subject to accidents, interruptions, diminution, freezing and failure, and understands and agrees that Union does not, by this contract, [fol. 4373] undertake to cause an uninterrupted supply of gas to be delivered to Logan at any pressure, or for any period of time, but only to cause said gas to be delivered in such quantities and at such pressures, and for such periods of time, as the wells producing the same and the pipe lines transporting the same, are capable of furnishing and transporting subject always to such breaks, blowouts, washouts, freezeups, interruptions, and accidents as are liable to happen in the natural gas business. And Logan declares that Union shall not be liable directly or indirectly from any shortage, interruption or failure of the said gas or diminution in the pressure thereof, arising from any cause whatsoever, except such as arises from or is caused by the negligence or willful default of Union.

Second

This contract shall commence from the day of the date hereof and run and continue thereafter, for a term of one

year and no longer, unless renewed or extended for a period thereafter in writing, executed and delivered by both parties hereto, at least thirty days prior to the expiration of the said one year period.

Third

Now, therefore, in consideration of the premises and of the mutual covenants hereinafter contained, as well as of the sum of One Dollar ($1.00) unto each of the parties paid by the other, the receipt and payment whereof is hereby acknowledged, the parties hereto have covenanted and agreed to and with each other as follows:

(1). Subject to the limitations, conditions and representations hereinbefore contained, Union covenants and agrees [fol. 4374] that it will order and direct the gas which it controls and which it produces in the State of West Virginia, to be delivered to Logan, in the manner following to-wit:

The point of delivery of the gas sold hereunder shall be the initial *ot* intake terminus of the lines of connecting at Gravel Bank and in the state line between the States of Ohio and West Virginia, pipeage prepaid and with directions to deliver same to the order of Logan at Sugar Grove in the State of Ohio, with the right to Logan to divert in transit, such portion thereof as Logan may desire diverted or stopped at Jacksonville, Ohio.

(2) Union also agrees to install or cause to be installed at Sugar Grove aforesaid, a measuring station, as well as at Jacksonville, Ohio, through which shall be measured all gas sold to Logan at said Gravel Bank, and that said measurement shall be computed upon a pressure basis of ten (10) ounces to the square inch, above fourteen and four tenth (14.4) pounds atmospheric pressure without corrections for temperature or barometric conditions.

Fourth

In consideration whereof, Logan covenants and agrees to and with Union as follows:

(1) That it will accept and pay for, as hereinafter indicated, all of the natural gas which Union is able to supply to it at Gravel Bank aforesaid, subject to all of the terms, conditions and limitations hereof, and

(2) That the amount so taken shall in any one month be taken in approximately equal daily amounts, but Logan must purchase and take during the six summer months of, April to September inclusive, at least one-half as much gas as it takes during the preceding six months.

[fol. 4375] (3) Logan covenants and agrees to pay to Union for each and every thousand cubic feet of gas measured at the measuring station at Sugar Grove and Jacksonville, Ohio, as aforesaid, the sum of Thirty (30) cents on or before the 20th day of each calendar month for all gas sold and delivered hereunder during the preceding month. All payments to be made to Union at its office in the City of Pittsburgh, Pennsylvania.

Fifth

It is mutually understood and agreed by and between the parties hereto as follows:

(1) That if Logan shall default for a period of ten days in the payment of any monthly bill for gas hereunder then this contract, at the option of Union shall become cancelled and anulled, and all rights of Logan forfeited and Union shall in such case, have the right to recover by action or actions at law, or in equity any and all claims for damages by reason of such default, but if default by Logan in payment of any month's bill shall arise over a bona fide dispute as to the same or any part thereof, such default shall not operate or terminate this contract for ten days after such dispute is settled, provided Logan pays promptly when due, the amount of such bill which is not disputed.

(2) This contract shall bind and run in favor of the parties hereto, their respective successors and assigns, and if either party hereto sells and assigns its right hereunder, such assigns shall have all the rights of the assignor and be liable to all the obligations of the assignor hereunder, as fully as though such assignee were an original party hereto, and an action at law for damages arising out of any covenant herein contained, may be maintained or prose- [fol. 4376] cuted by or against such assignee as fully as though an original party to this contract, and to this the assignee agrees whenever he, she or it may accept an as-

signment hereof; such assignment to be equivalent to a formal written agreement to the same effect.

This contract is signed, sealed, executed and delivered in duplicate in the City of Pittsburgh, Pennsylvania, by each of the parties hereto, who have caused their corporate names to be hereunder subscribed by their respective Presidents or Vice-Presidents and their corporate seals to be hereunder affixed, and the same duly attested by their respective Secretaries or Assistant Secretaries, the day and year first above written.

Union Natural Gas Corporation, by David E. Mitchell, Vice President.

Attest: (Name illegible), Asst. Secretary.

The Logan Gas Company, by P. W. Lupher, President.

Attest: P. A. Alberty, Secretary.

[fol. 4377] April 22, 1927.

Mr. H. Stehley, Ass't Treas., The Logan Gas Company, Columbus, O. (Building—

DEAR SIR: I have a copy of the following letter in my files:

February 17, 1926.

Mr. H. Stehley, Treasurer, Logan Gas Company, Columbus, Ohio.

DEAR SIR: You are advised that the Management has concluded that for the year beginning March 1, 1926, price for gas to be delivered to Logan Gas Company at the Athens take off and at Sugar Grove shall be billed at 35¢ by Ohio Fuel Corporation.

Yours very truly, (Signed) David E. Mitchell, Secretary.

Cc—K. C. Krick. D. M. Wilson.

It seems to be implied that the above fixes the rate for this transaction for one year, or from March 1-1926 to March 1-1927, I do not know whether it was to continue.

without affirmation, or whether the old rate, or a new one, was to be fixed for the ensuing year. This would likely be taken care of in the new contract between the Columbia Gas Supply Co., but I do not know if such a contract has been executed.

We have paid the Columbia Gas Supply Company 35¢ per M for the gas delivered during March, 1927.

Very truly yours, (Signed) J. I. Henderson.

May 3, 1927.

Mr, J. I. Henderson, Building.

DEAR MR. HENDERSON: Answering your letter of April 22, addressed to Mr. Stehley, with reference to the price to be paid for gas received by The Logan Gas Company at Athens and Sugar Grove, I have had this matter up with Mr. Cross, and he states that there will be no change for the present.

[fol. 4378] Therefore your payment of 35¢ for the month of March is correct.

Very truly yours, (Signed) L. A. Seyffert, Treasurer.

(Here follows Exhibit 62, side folios 4379-4381)

V 68 expires 62

CASH VOUCHER

No. A-551 Sub.

THE OHIO FUEL GAS COMPANY

Sorpe Natural Gas Co

January 1930

AMOUNT
26,058 68

26,058 68

DISTRIBUTION TO SUB-ACCOUNTS

ACCT. NO.	AMOUNT	ACCT. NO.	AMOUNT
Gas Purc. - Others c/c 2002			26,058 68

62

Form - β T.W. 10M-12-28

The Ohio Fuel Gas Company,
C/o L. A. Seyffert,
#99 N. Front St.,
Columbus, Ohio.

DATE January 31, 1930. 19

VOUCHER NO.

INV. NO. STA.

IN ACCOUNT WITH **HOPE NATURAL GAS COMPANY**
BOX 1756, PITTSBURGH, PENNA.

APPROVED BY RAB.

For gas furnisned month of January, 1930 -

342,734 M. Delivered by Hope Gas Co. at Cove Lick
282,829 M. Received from United Fuel Gas Co. for transportation
59,905 M. .43½ $26 058 6

OK
Gas

Voucher A 551 - 1930
Check # 33201

4380

29421

STATEMENT C[illegible]COUNT

DATE OF INV.		AMOUNT	DATE OF INV.		AMOUNT
	Natural gas delivered Dates Station 1/1-2/1 Cove Lick		Del.M Cu.Ft. 59 905	Rate 435	26,058.68

THE OHIO FUEL GAS CO.

33201

Feb. 12, 1930

A-651

26,058.68

4381

Hope Natural Gas Co.
Box #1756,
Pittsburgh, Pa.

	RMClark		MAP	

29420

[fol. 4382] Hope Natural Gas Company,

William Penn Way at Sixth Ave., Pittsburgh, Pa.

R. D. Beardsley, Treasurer, J. C. Chisler, Asst. Treasurer

Mailing Address: P. O. Box 1756

February 12, 1930.

Mr. L. A. Seyffert, Treas., Ohio Fuel Gas Company, Columbus, Ohio.

DEAR MR. SEYFFERT: As per your telephone conversation to-day, we are enclosing herewith invoice for the 59,905 M cubic feet of gas delivered by the Hope Natural Gas Company to the Ohio Fuel Gas Company in excess of gas delivered by the United Fuel Gas Company to the Hope Company for transportation to your company.

This voucher is in accordance with telephone conversation with you to-day and is rendered with the understanding that the Hope Company assume the payment of charges to the various companies for transportation of this gas.

Yours very truly, R. D. Beardsley.

B/k.

[fol. 4383]

The Ohio Fuel Gas Company

Gas Purchased Month January, 1930

Voucher No. A-551

Payee	Dates	Station	M. Cu. Ft. station	M. Cu. Ft. grand tot.	Rate	Amount	Check number
Hope Natural Gas Co.....	1/1-2/1	Cove Lick	.....	59905	.435¢	2605868	.....

Extensions made: Charles E. Leach.
Extensions checked: C. W. Greene.
O. K. W. L. Cressman.
Approved: J. H. Lang.

(Here follows Exhibit 64, side folios 4384 & 4385)

Co. Exhibit 64

[fol. 4384]

Compilation, Natural Gas Security Issues, Showing Underwriting and Public Offering Prices and Cost of Financing, Revised May 12, 1930

Ford, Bacon & Davis

[fol. 4385]

Compilation of Natural Gas Security Issues, Showing Underwriting and Public Offering Prices and Cost of Financing (D)

Date	Company	Description of issue	Stock purchase warrants	Dated	Interest rate	Amount of issue	Price paid (B) By underwriters (C)	Price paid (B) By public	Dif
May, 1916	United Fuel Gas Co.	First Mortgage Twenty Year S. F. Gold Bonds	No	Jan. 1, 1916	6 %	$1,500,000	$95.00	100.00	3
June, 1922	" " " "	First Mortgage Twenty Year S. F. Gold Bonds	No		6 %	1,000,000(A)	.....	98.50	
Aug., 1921	" " " "	Temporary 10 year Secured Gold Bonds	No	Aug. 15, 1921	7½%	2,000,000	92.50	98.25	
Jan., 1925	North Western Utilities, Ltd	First Mortgage 15 year S. F. Gold Bonds	Bonus	June 1, 1923	7 %	3,250,000	80.00	100.00	2
June, 1923	Southwestern Utilities Corporation	First Lien Collateral Convertible Gold Bonds	No	June 1, 1923	7 %	2,000,000	87.00	98.50	1
Jan., 1923	Laclede Gas Co	First Mortgage Collateral	No	Feb. 1, 1923	5½%	17,500,000	91.45(Min.)	96.45	
Oct., 1924	St. Louis County Gas Co	" "	No	Oct., 16, 1924	5 %	505,000	91.00	94.75	
Aug., 1926	Interstate Natural Gas Company, Inc.	Closed First Mortgage 10 year S. F. Gold Bonds	Yes	July 1, 1926	6 %	10,500,000	101.00	105.00	
Aug., 1927	Southern Kansas Gas Company	First Mortgage S. F. Gold Bonds, Series 1937	Yes	Aug. 1, 1927	6½%	2,500,000	87.50	98.50	1
Aug., 1928	Memphis Natural Gas Company	First Mortgage S. F. 15 year Gold Bonds	Yes	Aug. 1, 1928	6 %	6,300,000	90.00	99.50	
Aug., 1929	Southern Natural Gas Corporation	First Mortgage 15 year S. F. Gold Bonds	Yes	July 1, 1929	6 %	13,000,000	88.00	97.50	
Apr., 1926	Union Gas Corporation	First Mortgage	Yes	Apr. 1, 1926	6½%	4,000,000	92.00	99.00	
		Total				$63,055,000			
		Average							

Note:

(A) Total does not include item indicated by letter (A).
(B) "Price Paid" in each case was indicated price, plus interest.
(C) In some instances the underwriters may also have received a bonus of common stock, of which no record is available.
(D) Cost of financing as shown on this statement includes only the Investment Banker's spread and does not include legal fees, engineers reports or other items of expense.

Co. Exhibit 64

Compilation, Natural Gas Security Issues, Showing Underwriting and Public Offering Prices and Cost of Financing, Revised May 12, 1930

Ford, Bacon & Davis

Compilation of Natural Gas Security Issues, Showing Underwriting and Public Offering Prices and Cost of Financing (D)

Description of issue	Stock purchase warrants	Dated	Interest rate	Amount of issue	Price paid (B) By underwriters (C)	Price paid (B) By public	Difference	Total cost of financing	Remarks
irst Mortgage Twenty Year S. F. Gold Bonds.....	No	Jan. 1, 1916	6 %	$1,500,000	$95.00	100.00	$5.00	$75,000	Total issue authorized $15,000,000
irst Mortgage Twenty Year S. F. Gold Bonds....	No		6 %	1,000,000(A)	.....	98.50	.....	.....	Part of above issue
emporary 10 year Secured Gold Bonds.....	No	Aug. 15, 1921	7½%	2,000,000	92.50	98.25	5.75	115,000	Total authorized $3,000,000
irst Mortgage 15 year S. F. Gold Bonds.....	Bonus	June 1, 1923	7 %	3,250,000	80.00	100.00	20.00	650,000	Offered in Jan., 1925
irst Lien Collateral Convertible Gold Bonds.....	No	June 1, 1923	7 %	2,000,000	87.00	98.50	11.50	230,000	Collateral consisted of bonds of North Western Utilities, Ltd., & Bonus Stock
irst Mortgage Collateral.....	No	Feb. 1, 1923	5½%	17,500,000	91.45(Min.)	96.45	5.00	875,000	
"	No	Oct., 16, 1924	5 %	505,000	91.00	94.75	3.75	18,937	
losed First Mortgage 10 year S. F. Gold Bonds...	Yes	July 1, 1926	6 %	10,500,000	101.00	105.00	4.00	420,000	Total issue $11,500,000, $1,000,000 issued for property
irst Mortgage S. F. Gold Bonds, Series 1937.....	Yes	Aug. 1, 1927	6½%	2,500,000	87.50	98.50	11.00	275,000	(Underwriters Price by J. T. Kimball)
irst Mortgage S. F. 15 year Gold Bonds.....	Yes	Aug. 1, 1928	6 %	6,300,000	90.00	99.50	9.50	598,500	
irst Mortgage 15 year S. F. Gold Bonds.....	Yes	July 1, 1929	6 %	13,000,000	88.00	97.50	9.50	1,235,000	
irst Mortgage.....	Yes	Apr. 1, 1926	6½%	4,000,000	92.00	99.00	7.00	280,000	
Total.....				$63,055,000				$4,772,437	
Average.....								$7.57 per $100.	

).
s interest.
e received a bonus of common stock, of which no

udes only the Investment Banker's spread and does
r items of expense.

[fol. 4386]

Co. Exhibit 69

The Ohio Fuel Gas Company

Statement Showing Allocation of City Gate Costs to the City of Columbus, Ohio, for Year Ended December 31, 1929

	The Ohio Fuel Gas Company Entire System		Allocation		The Columbus Gas and Fuel Company City of Columbus		
Summary of cost of service:	Detail	Total cost of service	Basis	Percent	Detail	Total cost of service	Cost per M. C. F. at city gates
Purchased gas expense	$7,211,528				$836,213		
Production system expense	2,973,502				344,792		
Non productive well drilling expense	618,789	$10,803,819	M. C. F.	11.5955	71,752	$1,252,757	$.2003
Transmission system expense		1,401,668	M. C. F.	11.5955		162,530	.0260
General administrative expense		583,799	M. C. F.	11.5955		67,694	.0108
Other general expense		272,835	M. C. F.	11.5955		31,637	.0051
Annual allowance for replacements, retirements, etc., (2% of $71,012,027.)		1,420,241	M. C. F.	11.5955		164,684	.0263
Annual allowance for amortization (4% of $136,230,537.)		5,449,221	M. C. F.	11.5955		631,864	.1010
Toral operating expenses (before taxes & return)		$19,931,583				$2,311,166	$.3695
Taxes:							
Property	$869,122				$100,779		
Excise	448,686				52,027		
Public Utility Commission	17,755				2,059		
Federal income	1,531,253	$2,866,816	M. C. F.	11.5955	177,557	$332,422	$.0531
Total operating expenses and taxes (before return)		$22,798,399				$2,643,588	$.4226
Return (8% of $140,364,827.)		11,229,186	M. C. F.	11.5955		1,302,080	.2082
Total gross cost of service		$34,027,585				$3,945,668	$.6308
Less:							
Differential charge to The Northwestern Ohio Natural Gas Co	($659,438)				($76,465)		
Gas used by company drilling and abandoning wells	(132,128)	($791,566)	M. C. F.	11.5955	(15,321)	($91,786)	($.0147)
Total net cost of service		$33,236,019				$3,853,882	$.6161
Total deliveries in M. C. F. at the city gates		53,943,794				6,255,075	

( ) Denotes red figures.

[fol. 4387] Co. Exhibit 74

Excerpt from Minutes of Meeting of the Directors of The Ohio Fuel Gas Company, Held at Pittsburgh, Pa., November 5, 1924

"Mr. L. B. Denning offered the following resolution and moved its adoption:

"Whereas the City of Columbus, Ohio, on November 4, 1924, passed an ordinance, No. 35533, fixing the price of natural gas in said city for a period of five (5) years after September 12, 1924, at forty cents (40¢) per thousand cubic feet; and

"Whereas this company, as succesor of The Ohio Fuel Supply Company, under certain contracts entered into March 12, 1924, between said The Ohio Fuel Supply Company on the one part and The Columbus Gas and Fuel Company and The Federal Gas and Fuel Company, respectively, on the other part, has found it necessary since April 1, 1924, to resort to sources of supply other than those available to said The Ohio Fuel Supply Company on March 12, 1914; by reason of which, and for other reasons, the supply available to this company for delivery under said contracts is obtained by it at an increased average cost per thousand cubic feet more than the proportionate increase in said forty cent rate and other suburban rates as compared with the rate or rates received by said The Columbus Gas and Fuel Company and said The Federal Gas and Fuel Company, respectively, on March 12, 1914, and more than the proportionate increase in the rates prescribed by the ordinance of the City of Columbus in force [fol. 4388] prior to the adoption of the said ordinance No. 35533 and in other suburban rates then in force as compared with the rate or rates so received by said companies on March 12, 1914; and

"Whereas, this company has co-operated with said local companies in endeavoring to secure a rate in the City of Columbus satisfactory to both parties to each of said contracts, but said endeavor has failed, as evidenced by the adoption of said ordinance and this board is advised that the Public Utilities Commission of Ohio, on appeal from said ordinance, would be powerless to fix an adequate and satisfactory interim rates or to depart from the unreason-

able and oppressive terms and conditions of said ordinance No. 35533 other than that fixing the rate; and

"Whereas, said contracts of March 12, 1914, contained among others the following provisions found in each, to-wit:

First. The Ohio Company will sell and deliver to the — Company and the — Company will purchase and take from the Ohio Company during the continuance of this contract, subject to limitations hereinafter set forth, all the natural gas requisite to supply the domestic consumers to be served by said — Company within the corporate limits of the City of Columbus, Ohio.

Fifth. This contract shall commence on the first day of ~~April, 1914, and shall continue until the first day of~~ April, 1924, and thereafter so long as the Ohio Company, its suc- [fol. 4389] cessors or assigns, shall be able to furnish natural gas in quantities sufficient to supply one-half (½) of the domestic consumers of said — Company, but in no event longer than twenty (20) years or until April 1st, 1934.

The Ohio Company will use reasonable diligence in developing and drilling for gas leases and property from time to time controlled by it, and for the purpose of fulfilling its obligations hereunder and enabling it to deliver the amount of gas which * * * it undertakes and agrees to deliver, will build, provide, maintain and operate * * * such * * * facilities as in its judgment may be necessary therefor and will use all reasonable diligence consistent with good business judgment to obtain and develop new gas leases and contracts for gas when the same become necessary in order to enable it to deliver gas under the terms of this contract, and such extensions, leases and contracts can be obtained on a basis profitable to the said Ohio Company, but the obligations of The Ohio Company to deliver, and the obligations of the — Company to take the amounts of gas specified in the first paragraph hereof, shall at all times be limited to the amount of gas produced by The Ohio Company from gas fields then owned or leased by it, and gas [fol. 4390] purchased by it under contracts then current for the purchase of gas, which it shall have available for delivery hereunder, after fully supplying therefrom domestic consumers upon its own distributing system in the towns and cities now supplied by it in the State of Ohio, and the

requirements of all contracts into which it has heretofore entered for the supply of gas or subsequent extensions or renewals thereof, * * *.

Sixth: * * * For each and every thousand cubic feet of natural gas delivered after the expiration of the said ten (10) years The Columbus Company shall pay The Ohio Company sixty-five per centum (65%) of the rates per thousand cubic feet charged by said — Company to its domestic consumers in the City of Columbus (less discounts, if discounts for prompt payment are allowed to consumers) but not less than twenty (20) cents per thousand cubic feet of natural gas.

It is mutually understood and agreed with respect to the price above stated to be charged for natural gas after the expiration of the first ten (10) years of this contract that the same is based upon the estimated cost to the party of the first part obtaining said gas from its present sources of supply and that in case after the expiration of the said ten year period the party of the first part find it necessary to resort to other sources of supply, so that its supply avail- [fol. 4391] able for delivery hereunder is obtained by it at an increased average cost per thousand cubic feet more than a proportionate increase in the rate which said — Company received at the time for said gas supplied under this contract, then and in that event said Ohio and — companies shall endeavor to secure a rate satisfactory to both companies, and upon their failure to obtain the same the said Ohio Company shall have the right to cancel and annul this contract, to take effect twelve (12) months from the giving of said notice.

and

"Whereas, neither this company's proportion of a rate of forty cents in the City of Columbus nor its proportion of the rate in said city under the ordinance in force prior to the adoption of said ordinance No. 35533 is sufficient adequately to compensate this company for the production, purchase, transportation and delivery of natural gas to said local companies under said contracts, nor can this company procure and furnish gas to said companies for its proportionate share of the rates fixed in either of said ordinances; and in the judgment of this board compensation to this company at an average rate of not less than forty-five cents per

thousand cubic feet net to it is reasonably required in order now to enable this company, with fair profit to itself, adequately and efficiently to furnish gas under said contracts, and the experience of this company shows that the suffici-
[fol. 4392] ency of such compensation can not be established for a period of more than two (2) years in the future; wherefore neither said rate of forty cents per thousand cubic feet nor the rate theretofore in force in the City of Columbus is satisfactory to this company within the meaning of said contracts; and

"Whereas, on March 12, 1930, The Ohio Fuel Supply Company, predecessor of this company, in writing notified the said The Columbus Gas and Fuel Company and the said The Federal Gas and Fuel Company that it, the said The Ohio Fuel Supply Company, could not and would not furnish said companies gas for any other than domestic consumers and as provided by the terms of said contracts;

"Now, Therefore, Be it Resolved, by the Board of Directors of The Ohio Fuel Gas Company that this company hereby recognizes and declares the failure of this company and the said The Columbus Gas and Fuel Company and the said The Federal Gas and Fuel Company to obtain a rate in the City of Columbus satisfactory to it.

"Resolved Further, that this company hereby ratifies and confirms all acts and communications in its behalf by the executive committee of this board, and the officers and agents of the company hereinbefore recited or done in its name by said committee, officers and agents in connection with said endeavor to secure a rate for natural gas in Columbus, Ohio, satisfactory to it.

"Resolved Further, that the situation in which this company is now placed by reason of the facts recited herein requires this company to exercise to the full extent of its rights under and with respect to the contracts hereinbefore [fol. 4393] referred to and to limit its performance thereof to the discharge of the obligations expressly set forth in said contract or imposed upon it by law as a result thereof.

"Resolved Further, that the President of this company be and he is hereby authorized and directed to notify each of said companies that from and after the date of said notice and unless and until rates in the City of Columbus satisfactory to this company shall have been obtained, this company will limit its deliveries of natural gas to each of said local

companies to an amount sufficient to supply the domestic consumers of said companies respectively, and no more.

"Resolved Further, that the Executive Committee of this board be and it is hereby authorized, in the event of the failure of said local companies to secure relief by judicial or other revisory action as against the provisions of said ordinance No. 35533 and the provisions of the ordinance of the City of Columbus in force prior thereto, to exercise this company's right to cancel and annul said contracts and each of them whenever in the judgment of said committee such action shall be necessary or expedient to protect the interests of this company, and so long as the contracts shall remain in effect to take such action on behalf of this company as shall be calculated best to serve the interests of this company within the limits of the said contracts.

"Mr. J. M. Garard seconded said resolution and the same was adopted by yea vote of all Directors present."

I certify this a true copy.

P. A. Alberty, Secretary.

[fols. 4394 & 4394a] Directors present at meeting of the Board of Directors of The Ohio Fuel Gas Company, Pittsburgh, Pa., November 5, 1924: Geo. W. Crawford, Fred W. Crawford, L. B. Denning, J. M. Garard, J. B. Crawford, L. E. Malory, J. W. McCoy, J. W. McMahon, H. H. Dreibelbis, Wm. H. Thompson.

[fol. 4395] Co. Ex. 78

L. A. Seyffert. Co. Exhibit #78

IN THE SUPREME COURT OF APPEALS OF WEST VIRGINIA

No. 6956. No. 6956-A

THE CITY OF CHARLESTON et als., Petitioners,

vs.

PUBLIC SERVICE COMMISSION et al., Respondents

Statement of the Public Service Commission

Statement of reasons for the entry of orders by The Public Service Commission of West Virginia on the 16th of August, 1930, and the 4th of December, 1930, in a proceeding pending before it, styled Case No. 1926, United Fuel Gas Company, Investigation of Rates for Furnishing Natural Gas stated in Tariff P. S. C. W. Va. No. 4.

[fol. 4396] This proceeding was an investigation by the Commission of the rates of United Fuel Gas Company for furnishing natural gas for domestic and manufacturing uses in this State. It arose under Section 9 of the Public Service Commission Law (sec. 4, art. 2, ch. 24, Code) upon the filing by the company on April 2, 1929, of rate schedules to affect a change in the domestic rates from 20 cents, net, per thousand cubic feet at Charleston and 21 cents, net, at Huntington, to 35 cents per thousand, with comparable changes affecting other communities where still other rates were in effect, also to affect a change in the rate for manufacturing use from an average of about 19 cents per thousand to 25 cents.

The order under which the burden was put on the Fuel Company to show the propriety and justification of the proposed changes in rates was made on the day the new schedules were filed. Appearances were then made in opposition to the rate changes by the City of Huntington, City of Charleston, Huntington Manufacturers Club, and other municipalities. Valuable service was rendered in the investigation by counsel for the Cities of Charleston and Huntington and the Manufacturers Club. They attended all the hearings, participated in the examination of witnesses, produced valuable expert testimony and filed exhaustive briefs.

Such proceedings were had as resulted in the following findings by a majority of the Commission, embraced in an order made August 16, 1930:

(1) That the fair value of respondent's plant, including working capital, used and useful in its said public service [fol. 4397] business of furnishing natural gas for domestic and manufacturing services (including certain miscellaneous field service for which rates are stated in said tariff) within this State on the 31st day of December, 1928, was $12,200,000.00.

(2) That the annual operating expenses of said business, including taxes, is approximately $1,585,000.00, that a reasonable annual charge for depreciation is $109,800.00, and a reasonable annual charge for amortization is $506,300.00, making a total operating charge of $2,201,100.00 per year.

(3) That a fair return on said fair value of said plant is $976,000.00 per year.

(4) That the cost of furnishing said gas service is, therefore, $3,177,100.00.

(5) That the gross operating revenue of the respondent from said business (including earnings for gasoline extraction privilege) for the year 1928, under the rates stated in its tariff P. S. C. W. Va. No. 3 then in effect and sought to be cancelled by said tariff No. 4, was approximately $2,356,000.00, and that the annual revenue reasonably to be expected at the rates stated in said tariff No. 4 and involved in this proceeding is approximately $3,500,000.00.

(6) That the said rates stated in said tariff No. 4 for furnishing natural gas for domestic and manufacturing service are, therefore, not just and reasonable, and that the rates stated in said tariff No. 3 are not sufficient to provide for the operating charges of the respondent, including taxes, depreciation and amortization, and a fair return upon [fol. 4398] the said fair value of its property devoted to said business.

And such further proceedings were had as resulted in the approval under section 22 of the law (sec. 3, art. 2, ch. 24, Code) of a schedule of rates to be followed in the future in lieu of the rates proposed by the Fuel Company, which were found unjust and unreasonable, and in lieu of the rates theretofore in effect, which were found insufficient. The rates were approved by an order made December 4, 1930, and, in connection with existing rates for drilling wells, etc., and existing rates applicable at Nitro, Aracoma, McConnell, Peach Creek, Stollings and West Logan, are as follows:

Applicable at Barboursville, Charleston, Clendenin, Coalburg, Huntington, Spencer, South Charleston and Williamson:

Cu. ft. used per month	Per thousand
First 1,000 or less	$0.75
Next 150,000	.30
Next 450,000	.25
All over 601,000	.22½

Applicable at Amma, Bakers Fork, Bannister, Big Creek, Big Sandy, Blue Creek, Branchland, Burdette, Cedar Grove, Cedarville, Ceredo, Chelyan, Cherry Tree Botton, Culloden, East Bank, East Lynn, Elk View, Ft. Gay, Gay, Griffithsville, Hunt, Hurricane, Jordan Creek, Kanawha City (outside of Charleston), Kenova, Kermit, King, Kyger, Lanham, Lock Seven, Logan, Milliken, Newton, North Ravens-

wood, Ona, Poca, Quick, Ravenswood, Reedy, Rich Creek, [fol. 4399] Ripley, Sandyville, Silverton, Sissonville, Stoffle, Three Mile, Walgrove, Walton and West Hamlin:

Cu. ft. used per month	Per thousand
First 1,000 or less	$0.75
Next 150,000	.35
Next 450,000	.25
All over 601,000	.22½

Applicable in rural districts in Boone, Cabell, Calhoun, Gilmer, Jackson, Kanawha, Lincoln, Logan, Mingo, Putnam, Roane and Wayne Counties, convenient to lines in localities not listed above and not connected with any low pressure distribution plant:

Cu. ft. used per month	Per thousand
First 1,000 or less	$0.75
Next 150,000	.40
Next 450,000	.25
All over 601,000	.22½

To all the above rates there shall be added two (2) cents per thousand cu. ft. if bills are not paid within ten (10) days from date rendered.

All customers are subject to a minimum monthly charge of seventy-five (75) cents in the event less than 1000 cu. ft. is used.

These rates will earn $3,168,055 a year, based upon the consumption of gas for domestic and manufacturing uses during the year ended July 31, 1930, as set out in Exhibit J filed at a session of the Commission on the 9th of September, 1930. A tabulation of these revenues, made up from that exhibit, is as follows:

[fol. 4400]

488,957 M cu. ft. at $0.75	$366,716
308,055 M cu. ft. at .40	123,222
799,263 M cu. ft. at .35	279,742
5,086,954 M cu. ft. at .30	1,526,086
558,079 M cu. ft. at .25	139,520
2,038,021 M cu. ft. at .22½	458,554
157,105 M cu. ft. (Nitro)	50,105
40,456 M cu. ft. (Aracoma etc.)	22,660
9,476,890 M cu. ft.	2,966,605
Gasoline earnings	122,052
Field sales	65,033
Miscellaneous	14,365
Totals	$3,168,055

This form of rate schedule is designed to recognize the priniciple of a service charge. Such charge, ranging from 35 to 45 cents a month, is included in the rate for the first 1000 cu. ft. or less used per month. It appears in some form or other in numerous gas rate schedules in this State, viz., schedules in effect at Clarksburg, Grafton, Beckley, Weston, Morgantown and Elkins; also in all modern electric rate schedules and in many water tariffs in this and other states. The inclusion of the service charge feature of the schedule was fully supported by the testimony of R. G. Winans taken August 21, 1930, which was not controverted by protestants' experts.

The schedule is also designed to foster commercial and industrial consumption in the territory served by the utility, enabling it to compete with producers of other forms of fuel for those uses. A considerable industrial and commercial load is essential to a rate schedule under which [fol. 4401] the domestic consumer may be able to use the fuel.

The protesting municipalities and Huntington Manufacturers Club petitioned the Supreme Court of Appeals for the suspension of the Commission's orders of August 16, 1930, and December 4, 1930, and, before the final hearing on that petition, it becomes the duty of the Commission under the statute to file with the Court "a written statement of its reasons for the entry of such order." Therefore, this report.

The history of earlier investigations of this company's rates, and of judicial proceedings arising therefrom, is fully set out in the following cases, and need not be repeated here.

Case No. 482, United Fuel Gas Co., (December 7, 1916), 4th An. Rpt. P. S. C. W. Va. 80, 1 P. S. C. W. Va. 238, P. U. R. 1917A 923.

Case No. 585, United Fuel Gas Co., (February 28, 1918), 5th An. Rpt. P. S. C. W. Va. 110, 1 P. S. C. W. Va. 501, P. U. R. 1918C 193.

Case No. 845, United Fuel Gas Co., (December 19, 1919), 6th An. Rpt. P. S. C. W. Va. 222, 1 P. S. C. W. Va. 651, P. U. R. 1920C 483.

Case No. 1251, United Fuel Gas Co., (April 28, 1922), 9th An. Rpt. P. S. C. W. Va. 282, 2 P. S. C. W. Va. 28, Bulletin No. 70.

Case No. 1251, United Fuel Gas Co., (August 9, 1923), 11th An. Rpt. P. S. C. W. Va. 100, 2 P. S. C. W. Va. 111, P. U. R. 1924A 357, Bulletin No. 82.

[fol. 4402] City of Charleston v. Public Service Commission, 95 W. Va. 91, 120 S. E. 298, P. U. R. 1924B 601.

Cases Nos. 1251 and 1516, United Fuel Gas Co., (March 24, 1925), 12th An. Rpt. P. S. C. W. Va. 43, 2 P. S. C. W. Va. 267, P. U. R. 1925B 705, Bulletin No. 91.

United Fuel Gas Co. v. Public Service Commission, 14 Fed. (2d) 209, P. U. R. 1927A 707, 278 U. S. 322, 73 L. Ed. 402. See also United Fuel Gas Co. v. Railroad Commission of Kentucky, 13 Fed. (2d) 510, 278 U. S. 300, 73 L. Ed. 390, P. U. R. 1929A 433.

It is sufficient for the purposes of this report to say that the United Fuel Gas Company in addition to the plant owned and operated by it in this State, and in connection with Warfield Natural Gas Company, a Kentucky subsidiary, owns and operates gas utility property in Ohio and Kentucky. The Fuel Company and the Warfield Company, which are treated as a single concern in this investigation, transact a very large volume of public utility gas business aside from the domestic and manufacturing service, the rates for which are involved here. It became necessary, therefore, for the investigation to include an inquiry concerning the fair value of all the natural gas properties of the Fuel Company and its said subsidiary in the three states. The properties consist of large acreage of gas lands and leaseholds, with reserves not yet drilled or tested, 1686 gas wells and pipe lines and compressor stations for the transportation of the fuel from the mouth of the wells to the consumers' burners including distribution plants in the [fol. 4403] cities, towns and villages served with gas for domestic and manufacturing purposes.

Rate Base

The company and the protestants offered separate estimates of the present fair value of the gas producing system (exclusive of leaseholds), the transmission system, distribution system and general property which go to make up

the whole plant. Both appraisals were made on the theory of reproduction cost new, less depreciation. They also presented separate estimates of the present fair value of the gas leaseholds.

Mr. F. H. Lerch, Jr., of Ford, Bacon & Davis, engineers engaged by the company, filed a valuation report and testified to a fair value of the plant, exclusive of leaseholds, of $47,186,190 as a going concern on the 31st of December, 1928. Mr. J. Paul Blundon, an experienced engineer who made an appraisal and testified on behalf of the protestants, estimated the fair value of the same property at $25,159,150 without including any sum for going concern value, which sum, by Mr. Earl L. Carter, another engineer appearing for protestants, was estimated at $4,500,000, making a total valuation, exclusive of leaseholds, of $29,659,150 according to the contention of the protestants.

The company claims a value for its leaseholds, measured by their alleged market value, of approximately $50,000,000, while Mr. Carter for protestants assigned them a value of $7,126,421 upon an estimate of what it would cost to ac- [fol. 4404] quire the acreage from the individual landowners. (1) The two valuations thus presented are as follows:

	Company's valuation	Protestants' valuation
Production system	$17,675,125	$10,906,697
Transmission system	18,920,521	11,016,464
Distribution system	4,156,518	2,402,330
General property	1,036,806	833,659
	41,788,970	25,159,150
Going value	5,397,220	4,500,000
	47,186,190	29,659,150
Leaseholds	50,000,000	7,126,421
Totals	$97,186,190	$36,785,571

The estimate for the company of the reproduction cost new of the plant, including going concern value, is $59,369,417, while that of Messrs. Blundon and Carter for protestants is $46,792,389, a difference of $12,577,028. Some $6,000,000 of this difference lies in the sums included for overhead costs. The difference between the respective estimates of reproduction cost new, less depreciation, is the dif-

(1) Mr. John Jirgal, of Arthur Anderson & Company, expert accountants engaged by protestants, reported an adjusted book value of $7,914,037 for leaseholds.

ference between $47,186,190 and $29,659,150, or $17,530,-040. It therefore appears that a further cause of difference between the valuation experts arises from their calculations of accrued depreciation in the plant.

[fol. 4405] The company's engineer has applied the following percentages for construction overheads, organization costs and financing, to his estimates of the cost of material and labor required to reproduce the plant new: 20.5 per cent on production system cost, 25 per cent on transmission system, and 21 per cent on the distribution system and general property. These calculations result in the addition of $9,847,102 to material and labor costs. No depreciation is estimated on this sum by the engineer, except on an item for interest during construction, which is depreciated at the rate applied to materials, and an item for engineering which is depreciated at a much lesser rate. The total depreciation allowed by Mr. Lerch on the overhead costs of $9,847,102 is $904,257, leaving a charge in the valuation of $8,942,845 for general overheads on the cost of materials and labor, depreciated. On the other hand Mr. Blundon for protestants has estimated general overhead costs at 14 per cent of the cost of labor and materials, and he has depreciated the items at the rates applied to materials. His estimate for general overheads on the plant new is $5,193,-802, and on the plant depreciated, $3,089,720.

In the determination of a valuation of this property we have calculated general overheads at 17 per cent on the cost of materials and labor in the production and distribution systems and general property, and at 20 per cent of the cost of the transmission system, with no overheads added to the value of land as agreed upon in the record. Depreciation applies to general overheads as it applies to any other item of cost of depreciable property.

[fol. 4406] The valuation witnesses have included another item of overhead cost under the title of going concern value, $4,500,000 by Mr. Carter for protestants, and $5,397,220 by the company's experts, the latter sum being ten per cent of the engineer's estimate of the reproduction cost new of the plant. A second witness for the company fixes this item at $7,500,000. In the valuation of this property as of December 31, 1923, Case No. 1516, supra, we included $3,000,-000 for going concern value. Influenced largely by that ac-

tion, we now include $3,171,021, which is 10 per cent of the estimated value of labor and materials in the plant, depreciated, and exclusive of land and general overheads.

It appears that the valuation witnesses more nearly agree on the cost of materials and labor going into the plant than on any other subject. We have found that Ford, Bacon & Davis's estimates of the cost of materials and labor are substantially correct; the appraisal of this engineering organization formed the basis for the Commission's findings in the 1924 rate case when an advance in rates was not approved. Yet we felt impelled to modify its estimate of general and going concern overheads as hereinbefore indicated; also to adjust its calculation of accrued depreciation by the application to Account 212 Gas Well Equipment, $3,645,096, of the percentage of deterioration (54%) which Mr. Lerch has applied to Account 211, Gas Well Construction, in accordance with the views expressed in Clarksburg Light & Heat Company, 2 P. S. C. W. Va. 611, 630, P. U. R. 1928B 290, 313. And it may be noted that in the valuation in the present case the engineering firm has met the criticisms of the Commission of its valuation report in the [fol. 4407] Clarksburg case concerning the method of ascertaining the depth of trenches, the savings in the cost of materials accruing from large purchasing power, and in other respects.

The foregoing modifications and adjustments result in a valuation of $40,997,418 for the whole property, exclusive of leaseholds.

Such a valuation is not inconsistent with the valuation of $29,000,000 (including going value at $3,000,000) found by this Commission as of December 31, 1923, when the record discloses that at least $16,500,000 was added to the company's investment from December 31, 1923, to December 31, 1928. It will be observed that the valuation for which the protestants contended exceeds the Commission's 1923 finding by only $659,150. It is only $373,306 greater than the valuation found by the U. S. District Court in the Kentucky case, supra, and both these earlier valuations were reviewed by the U. S. Supreme Court without being disturbed.

In assigning a value to the leaseholds we have rejected the "market value" theory advanced by the company's witnesses. They have been included in the valuation at

the adjusted book value of $7,914,037 reported by the protestants' accountant, Mr. Jirgal. This sum is in excess of the original cost of the leaseholds when they were acquired from the landowners by predecessors of the present company, as appears from the report of Mr. E. V. Williamson, the Commission's statistician, who made a thorough and valuable report in this case.

[fol. 4408] We have, therefore, ascertained the present fair value of all the natural gas property of United Fuel Gas Company and Warfield Natural Gas Company, in the states of West Virginia, Kentucky and Ohio to have been $48,911,455 on December 31, 1928. The following tabulation will serve to illustrate the foregoing text:

Production system:		
Land	$ 1,555	
Plant (materials and labor)	12,944,271	
General overheads	2,200,526	
Going concern overheads	1,294,427	
Leaseholds	7,914,037	
Total		$24,354,816
Transmission system:		
Land	$ 20,013	
Plant (materials and labor)	14,811,321	
General overheads	2,962,264	
Going concern overheads	1,481,132	
Total		19,274,730
Distribution system:		
Land	$ 50,713	
Plant (materials and labor)	3,320,068	
General overheads	564,412	
Going concern overheads	332,007	
Total		4,267,200
General property:		
Land	$ 208,834	
Plant (materials and labor)	634,547	
[fol. 4409]		
General overheads	107,873	
Going concern overheads	63,455	
Total		1,014,709
Grand total		$48,911,455

For more ready comparison with the tabulation of the claims of the parties as hereinbefore set out, the above may be summarized as follows:

Production system	$15,146,352
Transmission system	17,793,598
Distribution system	3,935,193
General property	951,254
	37,826,397
Going concern value	3,171,021
	40,997,418
Leaseholds	7,914,037
Total	$48,911,455

Another test of this valuation, for whatever it is worth, may be made by comparison with the assessment put upon the property located in this State for tax purposes, $37,000,000, which is understood to have been fixed at 75 per cent of the true and actual value of the property, or $49,333,333. The experts agree that about 84.5 per cent of the total plant, which we have valued at $40,997,418, is located in West Virginia and subject to assessment here, making the valuation of that part of the plant located in this State as herein found $34,642,818. If all the leaseholds were subject to taxation in this State, (and they are not), the last [fol. 4410] figure would be increased by $7,914,037 to a total of $42,556,855 as the value of all the property of the company located in West Virginia, to be compared with an assessment on the basis of $49,333,333.

The experts are not in complete accord as to the proper percentages of the four classes of property to be taken to ascertain that portion of the plant that is devoted exclusively to the service of domestic and manufacturing customers in this State. Mr. Carter proposes a series of percentages differing in two particulars from those submitted by Mr. W. J. Hightower, secretary and treasurer of the company in charge of its accounting. The question is necessarily one that requires the exercise of great skill and experience in the art of accounting and the allocation of items of account. We have adopted the percentages which we understand to be in accord with the accounting principles agreed upon by the parties and adopted by the Court in the 1923 valuation case in the U. S. District Court, as follows:

Production system	20.6667 per cent.
Transmission system	18.7055 per cent.

Distribution system	70.8000 per cent.
General property	22.3730 per cent.

Working capital is also a necessary part of a rate base. It appears that the operating expenses of the company's business with its domestic and manufacturing customers, exclusive of taxes and other charges which accrue on an annual basis, amount to about $1,300,000 a year, or $109,000 a month. To the latter sum we added $200,000 for materials and supplies not included in the appraisal, resulting in an estimate of $309,000 to be included in the rate base [fol. 4411] as working capital. The company asked $422,105, and the protestants suggested $369,491.

The application of the foregoing percentages to the total values found for the production, transmission and distribution systems and general property, together with the use of the above amount for working capital, results in a fair value of approximately $12,200,000 for that portion of the company's property devoted to the use of the customers whose rates are involved in this proceeding, as follows:

Production system:		
Land	$ 321	
Plant (including general overheads)	3,129,875	
Going concern overheads	267,520	
Leaseholds	1,635,594	
Total		$5,033,410
Transmission system:		
Land	$ 3,743	
Plant	3,324,638	
Going concern overheads	277,053	
Total		3,605,434
Distribution system:		
Land	$ 35,905	
Plant	2,750,212	
Going concern overheads	235,061	
Total		3,021,178
[fol. 4412]		
General property:		
Land	$ 46,722	
Plant	166,101	
Going concern overheads	14,197	
Total		227,020
Total		$11,887,043
Working capital		309,000
Rate base		$12,196,043

Operating Expenses

The three accountants reporting in this investigation, Mr. Williamson for the Commission, Mr. Jirgal for the protesting cities, and Mr. Hightower for the gas company, do not differ materially on the essential facts with reference to operating expenses.

Mr. Jirgal reports annual operating expenses at $5,451,363, state and local taxes at $921,556, and federal income taxes at $126,579. Allocating these expenses on the bases used in the allocation of the total value of the plant results in a finding of operating expenses of the domestic and manufacturing business within this State of $1,336,988, state and local taxes $206,108, and federal income taxes $10,493, a total of $1,553,661 a year. The first of these sums, however, should be adjusted to include $52,041 improperly deducted by the accountant as engineering and administrative expense transferred to capital. The result is an annual operating expense of $1,605,702.

[fol. 4413] Protestants, in their brief, attacked the inclusion in the operating budget of an engineering and management fee to Columbia Engineering and Management Corporation, an affiliated concern, although little was said about it during the hearings, and no objection was raised by protestants' account. Such charges are subject to careful scrutiny, and should be allowed only upon proof of the cost and value of the services rendered. However, it is but fair to a utility that it be put upon notice if any item in its account of operating expenses is to be contested. There is proof in this case that the services of the president, vice president, treasurer and the head of the accounting department are provided by the Management Corporation. The charge, amounting to approximately $84,000 a year involved here, is, therefore, not without some proof to sustain it. We have included one-half the said sum in the estimate of future operating expenses, thereby reducing Mr. Jirgal's adjusted figures by $42,000 a year.

Protestants also question a charge of about $15,000 a year for advertising. With the keen competition which natural gas must meet from coal, and from electrical and other forms of heat, light and power, we can not condemn a reasonable expenditure for legitimate advertising.

The company submits a statement that the cost to it of the preparation and hearing of this case was $250,000, and asks that this amount be amortized at the rate of $50,000 a year. Such an annual charge is not approved. A large portion of that expense was occasioned by the fact that a large portion (about 76 per cent) of the property to be ap- [fol. 4414] praised in this proceeding is not devoted to the company's domestic and manufacturing business in this State. There has, therefore, been included 24 per cent of $50,000, or $12,000 a year, to be amortized on account of rate case expense, over a period of five years.

It appears from the record that larger sums will be required for the payment of taxes than were required in 1928. $10,000 has been included in operating charges on this account.

Depreciation Expense

In the 1923 rate case Chairman Stathers fixed an annual charge for depreciation equal to 1.12 per cent of the rate base. The present finding of $109,800 will provide for depreciation at the rate of 1.12 per cent in the present fair value of the production, transmission and distribution property, and five per cent in the value of the general property, with the value of land and rights of way excluded in each instance. The values thus subject to depreciation are, production system $3,129,975 less rights of way $57,307, balance $3,072,668; transmission system $3,324,638 less rights of way $71,384, balance $3,253,254; distribution system $2,750,212 less rights of way $5,787, balance $2,744,425; a total of $9,070,347 at 1.12 per cent, $101,588; and general property $166,101 at five per cent, $8,305.

[fol. 4415] Amortization Charge

An amortization charge equal to 4.15 per cent of the rate base was prescribed in Case No. 1516, in 1924, after taking into account the accumulated reserve. That finding has been followed in the present case, resulting in a charge of $506,300.

Fair Return

The Fuel Company contended for a rate of return in excess of eight per cent, and produced some expert testimony in support of the contention. Protestants insisted that a

return of seven per cent is ample at this time. In Bluefield Water Works & Improvement Co. v. Public Service Commission of West Virginia, 262 U. S. 679, 67 L. Ed. 1176, P. U. R. 1923D 11, rates for water service prescribed by this Commission to earn six per cent were declared unlawful by the U. S. Supreme Court. That Court has set aside many commission findings in which the return was calculated at any percentage less than eight. This commission has, therefore, estimated a fair return at eight per cent in natural gas cases.

Clarksburg Light & Heat Co., 2 P. S. C. W. Va. 611, 641.

Cumberland & Allegheny Gas Co., 2 P. S. C. W. Va. 514, 559.

Pittsburgh & West Virginia Gas Co., 2 P. S. C. W. Va. 484, 487.

W. Va. Utilities Co., 2 P. S. C. W. Va. 318, 320.

[fol. 4416] Utility Gas Company, 2 P. S. C. W. Va. 307, 316.

United Fuel Gas Company, 2 P. S. C. W. Va. 111, 119.

Upon the evidence on the subject in this proceeding, and in view of the holdings of courts and commissions, eight per cent has been used to ascertain the return.

Record Submitted

Agreeably to the requirements of the statute, the original record before the Commission is transmitted herewith to the Court. Other reasons for the entry of the orders will appear therefrom.

It will appear from the record that Commissioner Nethken did not concur in certain of the findings and provisions of said orders. In the order of August 16, 1930, the following appears:

It is noted of record that Commissioner Nethken does not concur in the findings of valuation, operating charges and return aforesaid, the principle of allocation on which they were determined, nor with the provisions of the order for a further hearing and the continuing in effect of the rates heretofore prescribed for use pending the decision of this case, for the reason that said rates are too high, but he does

concur in so much of the order as finds the rates stated in said tariff P. S. C. W. Va. No. 3 to be insufficient and finds the proposed rates of the respondent to be not just and reasonable and provides for the cancellation of the same, for reasons that may be assigned in writing and filed with the record.

[fol. 4417] Also, the order of December 4, 1930, approving rates includes the following notation:

It is noted of record that Commissioner Nethken does not concur in the foregoing order.

Respectfully submitted, The Public Service Commission of West Virginia, I. Wade Coffman, Chairman, Alexander M. Mahood, Commissioner.

To the Supreme Court of Appeals of West Virginia, January 3, 1931.

[fol. 4418] Co. Exhibit 80

United Fuel Gas Company

Index

	Page number
Introduction	1
Explanation and Statement Showing Production and Transmission Costs	2–3
Explanation and Valuation of Property of United Fuel Gas Company	4–6
Explanation and Statement Showing Detail of Expenses	7–10
Explanation and Computation of Federal Income Tax	11–12
Explanation and Determination of Annual Allowance for Depreciation Expense	13–14
Explanation and Determination of Annual Allowance for Amortization	15–16
Explanation and Statement Showing Book Value of Leaseholds	17–18
Explanation and Computation of Working Capital	19–20

[fol. 4419] United Fuel Gas Company

System Wide Production and Transmission Costs

Introduction

This Cost Analysis shows what rate is necessary to be charged in order to secure for the United Fuel Gas Company sufficient revenue to enable it to produce or purchase, and transmit gas; operate and maintain equipment necessary for this purpose; provide for taxes, allowance for depreciation expense, allowance for amortization, and yield a reasonable return on its property used in such service.

[fol. 4420] Explanation of Summary of Total Cost of Service per M. C. F. for Production and Transmission for Year Ended December 31, 1930

Purchased Gas Expense, Production System Expense and Non-Productive Well Drilling Expense amount to $4,799,972 or $.0956 per M. C. F. on the total deliveries of 50,238,831 M. C. F.; Transmission System Expense, $745,453 or $.0148 per M. C. F.; General Administrative Expense, $426,220 or $.0085 per M. C. F.; Other General Expense, $319,497 or $.0064 per M. C. F.; Annual Allowance for Depreciation Expense, $477,132 or $.0095 per M. C. F.; Annual Allowance for Amortization, $2,227,323 or $.0443 per M. C. F. Taxes amount to $1,588,203 or $.0316 per M. C. F.; Return of 8.0% on the Valuation of the Company's Property, $4,413,262 or $.0878 per M. C. F.; Total Gross Cost of Service is $14,997,062 or $.2985 per M. C. F. From this amount is deducted $839,139 or $.0167 per M. C. F. which represents credit given to the Production and Transmission Departments because of a differential charge to the Pittsburgh and West Virginia Gas Company for an amount of gas exchanged with them. Also credit for gas used in company drilling and abandoning of wells.

After deducting this amount Total Net Cost of Service is $14,157,923 or $.2818 per M. C. F. on the total deliveries of 50,238,831 M. C. F.

[fol. 4421] United Fuel Gas Company

Statement Showing Summary of Total Cost of Service With Average Cost per M. C. F. for Production and Transmission for Year Ended December 31, 1930

Summary of cost of service:	Detail	Total cost of service	Average cost per M. C. F.
Purchased gas expense	$1,984,759		
Production system expense	2,702,188		
Non-productive well drilling expense	113,025	$4,799,972	.0956
Transmission system expense (exclusive of fuel)		745,453	.0148
General administrative expense		426,220	.0085
Other general expense		319,497	.0064
Annual allowance for depreciation expense		477,132	.0095
Annual allowance for amortization		2,227,323	.0443
Total operating expenses (before taxes and return)		$8,995,597	.1791
Taxes:			
Property	$879,418		
Auto	1,819		
Production	96,073		
W. Va. Pub. Service Comm. fee	4,776		
W. Va. license	4,309		
Federal income	601,808	1,588,203	.0316
Total operating expenses & taxes (before return)		$10,583,800	$.2107
Return (8.0% of $55,165,781)		4,413,262	.0878
Total gross cost of service		$14,997,062	$.2985
Less:			
Differential charge to Pittsburgh and West Virginia Gas Co	$739,846		
Gas used by company drilling & abandoning wells	99,293	839,139	.0167
Total net cost of service		$14,157,923	$.2818
Total deliveries in M. C. F.		50,238,831	

[fol. 4422] Rate Base

To the present fair value of the Production and Transmission System property deterimned by the Public Service Commission of West Virginia as of December 31, 1928, namely: $44,532,941, we have added the net book additions during 1929 of $5,764,391 and net book additions during the year 1930 of $3,654,945, and Working Capital of $1,213,504, which gives the present value of the property as of December 31, 1930 of $55,165,781.

Return on this rate base at the rate allowed by the Public Service Commission of West Virginia (8%) is $4,413,262.

[fol. 4423] United Fuel Gas Company

Statement Showing Valuation of Production and Transmission System Properties with Proportion of General Property Applicable to Production and Transmission Systems as of December 31, 1928, as Determined by the Public Service Commission of West Virginia and the Net Book Additions for the Years 1929 and 1930

Classification of property account number and title	Depreciated value of property as of December 31, 1928, as determined by Pub. Serv. Comm. of W. Va.	Net book additions during 1929	Net book additions during 1930	Present value of property as of Dec. 31, 1930
Production system property				
206 Rights of way		$18,983	$4,733	
209 Field measuring station structure		2,559	1,397	
210 Other production system structure		5,114	6,152	
211 Gas well construction		2,650,434	1,605,461	
212 Gas well equipment				
213 Field line construction		741,391	212,572	
214 Field line equipment				
215 Field measuring station equipment		26,837	2,478	
216 Drilling and cleaning equipment		130,054	18,341	
217 Other production system equipment		900	1,067	
Total production system property	$16,440,779	$3,574,472	$1,815,519	$21,830,770
Transmission system property				
220 Rights of way		$6,675	$2,923	
221 & 224 Comp. station structures and equipment		1,263,953	126,704	
222 Measuring station structures		223	34	
223 Other transmission system structures		11,021	.....	
225 Measuring station equipment		2,585	3,928	
226 Transmission line equipment		235,397	32,075	
227 Other transmission system equipment		2,600	3,445	
Total transmission system property	$19,274,730	$1,517,254	$155,339	$20,947,323

[fol. 4424]

United Fuel Gas Company

Statement Showing Valuation of Production and Transmission System Properties with Proportion of General Property Applicable to Production and Transmission Systems as of December 31, 1928, as Determined by the Public Service Commission of West Virginia and the Net Book Additions for the Years 1929 and 1930

Classification of property account number and title	Depreciated value of property as of December 31, 1928, as determined by Pub. Serv. Comm. of W. Va.	Net book additions during 1929	Net book additions during 1930	Present value of property as of Dec. 31, 1930
General property				
247 General office structure		$2,516	$1,711	
248 Other general structure		4,967	4	
249 General office equipment		31,547	21,890	
252 General stable equipment		700	111	
253 General garage equipment		4,976	1,906	
255 General telephone and telegraph equipment		9,571	1,178	
256 General tool and implement			7,125	
Total general property	$903,395	$52,877	$29,883	$986,155
Total incomplete construction				68,985
Total value of property exclusive of working capital and leaseholds	$36,618,904	$5,144,603	$2,069,726	$43,833,233
Working capital				1,213,504
Total value of property exclusive of leaseholds	$36,618,904			$45,046,737
Total adjusted book value of Leaseholds	7,914,037	619,788	1,585,219	10,119,044
Total value of property	$44,532,941	$5,764,391	$3,654,945	$55,165,781
Rate base				$55,165,781
Return on rate base—8.0 percent				$4,413,262

2969

[fol. 4425] Operating Expenses

Gas Purchased for Resale amounted to $1,906,509; to this is added the expense incurred by the United Fuel Gas Company in purchasing this gas of $78,250, resulting in a Total Gas Purchased Expense of $1,984,759. Production System Expense amounts to $2,702,188; Non-productive Well Drilling Expense, $113,025; Transmission System Expense, $745,453; General Administrative Expense chargeable to Production and Transmission Departments, $426,220; Other General Expense chargeable to these departments, $319,497.

Allowance for Depreciation Expense amounts to $477,132 and represents 1.12% of the items of physical property in the Production and Transmission System and 5% of the General Property contained in the Rate Base; value of depreciable property is $40,035,252 as shown on page 14. Allowance for Amortization amounts to $2,227,323 and represents 4.15% of the items subject to amortization ($53,670,445) contained in the Rate Base as shown on page 16. These rates for Depreciation Expense and Amortization Allowance are those used by the Public Service Commission of West Virginia. Taxes amount to $1,588,203 and represent the various tax liabilities of the United Fuel Gas Company (Property, Production, Public Service Commission Fee, License and Federal Income Tax), which are chargeable to the Production and Transmission Departments. Total Operating Expenses and Taxes amount to $10,583,800.

[fol. 4426] United Fuel Gas Company

Statement Showing Detail of Operating Expenses for Year Ended December 31, 1930

Detail of operating expenses, account number and title

	Natural gas purchased for resale	Amount
369	Total paid to others for gas purchased	$1,906,509
370	Purchased gas expense	78,250
	Total gas purchased expense	$1,984,759
	Production System Expense	
350	Superintendence labor	$45,345
351	Gas well & field line labor	165,047
352	Field measuring station labor	21,688
353	Other production system labor	17,956
353½	Land & map department labor	97,204
354	Superintendence supplies & expenses	13,763
355	Gas well & field line supplies & exp	32,428

		Amount
356	Field meas. station supplies & expenses	2,523
357	Production system rent	1,512
358	Other production system supplies & expenses	12,192
358½	Land & map department supplies & expenses	54,573
359	Gas well royalties	513,378
360	Rental on unoperated leases	536,622
362	Maintenance other production sys. structures	1,589
363	Maintenance gas well equipment	94,268
364	Maintenance field line equipment	78,730
365	Abandoning wells & changing field lines	4,226
366	Maintenance field meas. station equipment	2,627
367	Maintenance well cleaning equipment	6,517
	Total production system expense	$2,702,188
	Non-productive well drilling expense	$113,025

[fol. 4427] Transmission System Expenses

371	Superintendence	$32,853
372	Compressing station labor	264,512
373	Measuring station labor	20,192
374	Transmission line labor	40,202
375	Other transmission system labor	2,423
376	Superintendence, supplies and expenses	5,516
377	Compressing station supplies and expenses	71,301
378	Measuring station supplies and expenses	2,418
379	Transmission line supplies and expenses	2,845
380	Transmission system rent	96,670
381	Other transmission system supplies and expenses	1,516
382	Maintenance compressor station structures	12,247
383	Maintenance other transmission system structures	258
384	Maintenance compressor station equipment	134,608
385	Maintenance transmission line equipment	52,624
386	Changing transmission lines	4,102
387	Maintenance measuring station equipment	1,166
	Total transmission system expense	$745,453

General Administrative Expense (Proportion)

427	Salaries of General Officers	$10,548
427½	Operating and Engineering Service Fee	263,482
428	Salaries general office clerks	72,285
429	General office stationery and printing	6,577
430	Other general office supplies	6,645
431	General officers' expenses	4,567
432	General office clerks' expenses	1,865
433	General law expenses	53,517
434	General office rent	4,497
436	Maintenance general office structures	1,978
437	Maintenance general office equipment	279
	Total general administrative expense	$426,220

[fol. 4428] Other General Expenses (Proportion)

		Amount
443	Telephone & telegraph system labor	$8,280
449	Telephone & telegraph system supplies and expense	1,897
453	Public utility commission expense	115,473
454	Injuries & damages	41,187
455	Other insurance	30,733
455½	Employees group insurance	8,923
456	Relief and pensions	8,952
457	Other general expense	79,349
458	Inventory adjustments	5,897
473	Maintenance telephone & telegraph equipment	18,806
	Total other general expense	$319,497
	Annual allowance for depreciation expense (1.12%)	$477,132
	Annual allowance for amortization (4.15%)	$2,227,323
	Taxes—(Applicable to Production & Transmission Systems)	
	Property	$879,418
	Auto	1,819
	Production	96,073
	W. Va. public service commission fee	[redacted]776
	W. Va. License	4,309
	Federal income	601,808
	Total taxes	$1,588,203
	Total operating expenses and taxes	$10,583,800

[fol. 4429] Computation of Federal Income Tax

Return at 8.0% on the rate base ($55,165,781) amounts to $4,413,262 after payment of the Federal Income Tax. Dividing this by .88 (100% less 12%) produces an amount of $5,015,070 or Income available for Federal Income Tax and Return. Computing Federal Income Tax at 12% of $5,015,070 produces an amount of $601,808. Deducting this amount from $5,015,070 results in an amount of $4,413,262 for Return after Federal Income Tax.

[fol. 4430] United Fuel Gas Company

Computation of Federal Income Tax

Rate Base	$55,165,781
Return @ 8.0 Per Cent. after Federal Income Tax	$4,413,262
Return ÷ .88 = Income Available for Federal Income Tax and Return	$5,015,070
Federal Income Tax	$601,808

[fol. 4431] Determination of Depreciation Expense

The total present value of Production and Transmission properties as of December 31, 1930, was $55,165,781 from which has been deducted $15,130,529 representing working capital, leaseholds, land, rights-of-way, incomplete construction, going concern overheads and garage equipment, leaving a balance of $40,035,252 as the value of depreciable property.

Applying the rates used by the Public Service Commission of West Virginia, viz.: 1.12% to Production and Transmission property and 5.0% to general property, results in an amount of $477,132 as the Annual Depreciation Expense.

[fol. 4432]

Computation of Depreciation Expense
Total depreciated value as of December 31, 1930

	Total property	Non-deprec. property	Depreciable property	Annual depreciation: Rate allowed by W. Va. commission	Annual depreciation: Amount
Production system property	$21,830,770	*$1,596,989	$20,233,781	1.12%	$226,618
Transmission system property	20,947,323	x1,886,518	19,060,805	1.12%	213,481
General property	986,155	†245,489	740,666	5.0%	37,033
Incomplete construction	68,985	68,985	.....	.....	.....
Working capital	1,213,504	1,213,504	.....	.....	.....
Leaseholds	10,119,044	10,119,044	.....	.....	.....
Total	$55,165,791	$15,130,529	$40,035,252	.....	$477,132

*Production system non-depreciable property

Land	$1,555
Rights of way	301,007
Going concern overheads	1,294,427
Total	$1,596,989

xTransmission system non-depreciable property

Land	$20,013
Rights of way	385,373
Going concern overheads	1,481,132
Total	$1,886,518

†General non-depreciable property

Land	$185,925
Garage equipment	3,070
Going concern overheads	56,494
Total	$245,489

[fol. 4433] Determination of Annual Allowance for Amortization

The total present value of Production and Transmission Properties as of December 31, 1930 was $55,165,781.

Certain items, such as land and working capital, will retain their value, therefore it is not necessary to provide for their amortization. Excluding these items and the incomplete construction leaves a value of the property to be amortized of $53,670,445. Applying the rate used by the Public Service Commission of West Virginia, namely 4.15%, to $53,670,445 results in an annual allowance for amortization of $2,227,323.

[fol. 4434] Computation of Annual Allowance for Amortization

Total value of property as of December 31, 1930 (rate base)		$55,165,781
Property that is not amortized:		
Production property:		
Land	$1,555	
Transmission property:		
Land	20,013	
General property:		
Land	185,925	
Incomplete construction	68,985	
Working capital	1,218,858	1,495,336
Total value of property to be amortized		$53,670,445
Annual amortization expense (4.15%)		$2,227,323

[fol. 4435] Book Value of Leaseholds

Adjusted book value of leaseholds, as determined by the Public Service Commission of West Virginias as of December 31, 1928 was $7,914,037. To this has been added the net book additions for the year 1929 of $619,788 and for the year 1930 of $1,585,219, which gives a total book value of leaseholds as of December 31, 1930, of $10,119,044.

[fol. 4436] United Fuel Gas Company

Statement Showing Book Value of Leaseholds as Adjusted by West Virginia Public Service Commission as of December 31, 1928, Plus Net Book Additions for Years 1929 and 1930

Adjusted book value of leaseholds as determined by the Public Service Commission of West Virginia as of December 31, 1928	$7,914,037
Net book additions to leaseholds for year 1929	619,788
Net book additions to leaseholds for year 1930	1,585,219
Total book value of leaseholds as of December 31, 1930	$10,119,044

[fol. 4437] Determination of Working Capital

In arriving at the working capital of $1,213,504 the method used by the Public Service Commission of West Virginia as shown by its findings in Case #6956 has been followed. The average monthly balance of Production and Transmission System Materials and Supplies for the year 1930 was $689,242; and the expenses for the year 1930 applicable to the Production and Transmission System (exclusive of taxes and expenses that accrue annually), amount to $6,291,142, or an average monthly amount of $524,262 which, added to the average monthly balance of Material and Supplies, produces an amount of $1,213,504 for working capital.

[fol. 4438] Statement Showing Computation of Working Capital

The Method Used Below in Determining the Amount of Working Capital is the Same Method as Used by the Public Service Commission of West Virginia—as Shown by its Finding in Case #6956

Average monthly balance of materials and supplies for the year 1930 for the United Fuel Gas Company		$689,242
Expenses Used in Computing Working Capital		
Gas purchase expense	$1,984,759	
Production expense	2,702,188	
Dry Hole expense	113,025	
Transmission expense exclusive of fuel	745,453	
General administrative expense—proportioned	426,220	
Other general expense proportioned	319,497	
Total	$6,291,142	
Average monthly expense		$524,262
Working capital		$1,213,504

[fol. 4439] Co. Exhibit 81

United Fuel Gas Company

Balance Sheet as of December 31, 1929

Assets:		
Fixed capital:		
Plant, property and equipment	$93,443,537.35	
Discovery appreciation (contra)	9,264,350.46	
		$102,707,887.81
Investment securities owned		158,369.87
Current and working assets:		
Cash	$459,077.68	
Notes receivable	133,924.51	
Accounts receivable	1,876,316.69	
Supplies—general	833,324.51	
		3,302,643.39
Contingent accounts receivable		142,229.95

Deferred charges:		
Prepaid accounts	$286,064.36	
Other deferred charges	139,039.38	
		425,103.74
Total assets		$106,736,234.76
Liabilities:		
Capital stock:		
Common		$30,000,000.00
Current & accrued liabilities:		
Accounts payable	$1,160,687.44	
Loans payable	26,093,360.27	
Other current liabilities	7,051.01	
Accrued taxes	860,482.32	
Accrued interest	27,024.71	
Other accrued liabilities	33,570.49	
		28,182,176.24
Contingent gas earnings		142,229.95
Deferred liabilities:		
Consumers service deposits	$227,441.00	
Other deferred liabilities	78,115.88	
		305,556.88
Reserves:		
Depreciation & depletion	$31,751,459.28	
Other reserves	562,931.53	
Undepleted discovery appreciation (contra)	9,264,350.46	
		41,578,741.27
Surplus		6,527,530.42
Total liabilities		$106,736,234.76

[fol. 4440]

Co. Exhibit 82

United Fuel Gas Company

Balance Sheet as of December 31, 1930

Assets:		
Fixed capital:		
Plant, property & equipment	$97,249,288.33	
Discovery appreciation (contra)	9,264,350.46	
		$106,513,638.79
Investment securities owned		118,196.00
Current & working assets:		
Cash	$393,251.12	
Notes receivable	143,725.70	
Accounts receivable	1,735,649.68	
Supplies—general	738,425.80	
		3,011,052.30
Contingent accounts receivable		148,009.60
Deferred charges:		
Prepaid accounts	$463,597.60	
Other deferred charges	489,492.70	
		953,090.30
Total assets		$110,743,986.99
Liabilities:		

[fol. 4437] Determination of Working Capital

In arriving at the working capital of $1,213,504 the method used by the Public Service Commission of West Virginia as shown by its findings in Case #6956 has been followed. The average monthly balance of Production and Transmission System Materials and Supplies for the year 1930 was $689,242; and the expenses for the year 1930 applicable to the Production and Transmission System (exclusive of taxes and expenses that accrue annually), amount to $6,291,142, or an average monthly amount of $524,262 which, added to the average monthly balance of Material and Supplies, produces an amount of $1,213,504 for working capital.

[fol. 4438] Statement Showing Computation of Working Capital

The Method Used Below in Determining the Amount of Working Capital is the Same Method as Used by the Public Service Commission of West Virginia—as Shown by its Finding in Case #6956

Average monthly balance of materials and supplies for the year 1930 for the United Fuel Gas Company		$689,242
Expenses Used in Computing Working Capital		
Gas purchase expense	$1,984,759	
Production expense	2,702,188	
Dry Hole expense	113,025	
Transmission expense exclusive of fuel	745,453	
General administrative expense—proportioned	426,220	
Other general expense proportioned	319,497	
Total	$6,291,142	
Average monthly expense		$524,262
Working capital		$1,213,504

[fol. 4439] Co. Exhibit 81

United Fuel Gas Company

Balance Sheet as of December 31, 1929

Assets:

Fixed capital:		
Plant, property and equipment	$93,443,537.35	
Discovery appreciation (contra)	9,264,350.46	
		$102,707,887.81
Investment securities owned		158,369.87
Current and working assets:		
Cash	$459,077.68	
Notes receivable	133,924.51	
Accounts receivable	1,876,316.69	
Supplies—general	833,324.51	
		3,302,643.39
Contingent accounts receivable		142,229.95

Deferred charges:		
Prepaid accounts	$286,064.36	
Other deferred charges	139,039.38	
		425,103.74
Total assets		$106,736,234.76
Liabilities:		
Capital stock:		
Common		$30,000,000.00
Current & accrued liabilities:		
Accounts payable	$1,160,687.44	
Loans payable	26,093,360.27	
Other current liabilities	7,051.01	
Accrued taxes	860,482.32	
Accrued interest	27,024.71	
Other accrued liabilities	33,570.49	
		28,182,176.24
Contingent gas earnings		142,229.95
Deferred liabilities:		
Consumers service deposits	$227,441.00	
Other deferred liabilities	78,115.88	
		305,556.88
Reserves:		
Depreciation & depletion	$31,751,459.28	
Other reserves	562,931.53	
Undepleted discovery appreciation (contra)	9,264,350.46	
		41,578,741.27
Surplus		6,527,530.42
Total liabilities		$106,736,234.76

[fol. 4440]

Co. Exhibit 82

United Fuel Gas Company

Balance Sheet as of December 31, 1930

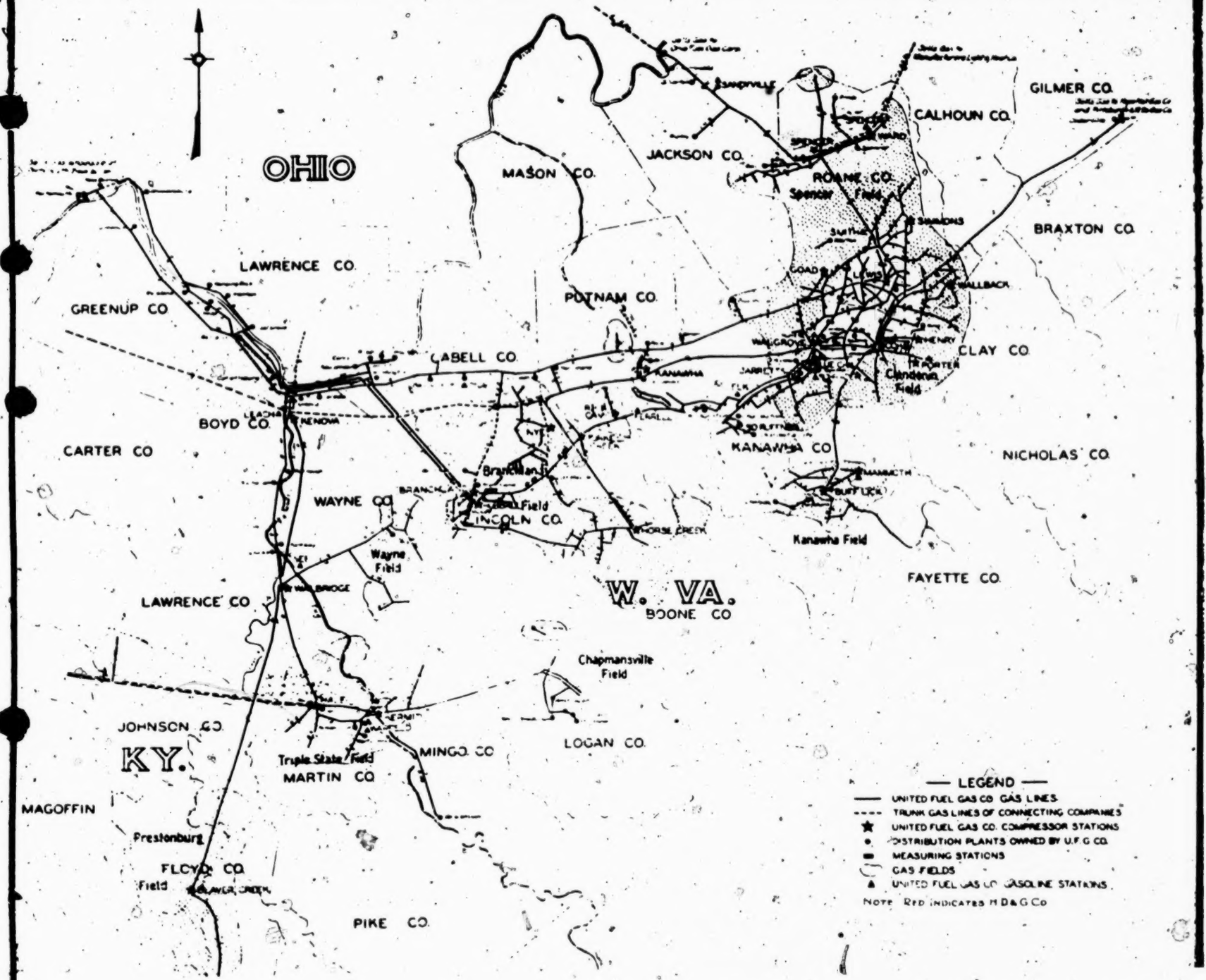
Assets:		
Fixed capital:		
Plant, property & equipment	$97,249,288.33	
Discovery appreciation (contra)	9,264,350.46	
		$106,513,638.79
Investment securities owned		118,196.00
Current & working assets:		
Cash	$393,251.12	
Notes receivable	143,725.70	
Accounts receivable	1,735,649.68	
Supplies—general	738,425.80	
		3,011,052.30
Contingent accounts receivable		148,009.60
Deferred charges:		
Prepaid accounts	$463,597.60	
Other deferred charges	489,492.70	
		953,090.30
Total assets		$110,743,986.99
Liabilities:		

Co. EXHIBIT 82—Continued

Capital stock:		
Common		$30,000,000.00
Current & accrued liabilities:		
Accounts payable	$951,495.64	
Loans payable (all C. G. & E. Corp.)	28,871,560.27	
Other current liabilities	27,398.87	
Accrued taxes	904,438.49	
Accrued interest	33,264.35	
Other accrued liabilities	33,195.35	
		30,821,352.97
Contingent gas earnings		148,009.60
Deferred liabilities:		
Consumers service deposits	$227,413.00	
Other deferred liabilities	53,817.50	
		281,230.50
Reserves:		
Depreciation & depletion	$32,407,445.19	
Other reserves	585,895.42	
Undepleted discovery appreciation (contra)	9,264,350.46	
		42,257,691.07
Surplus		7,235,702.85
Total liabilities		$110,743,986.99

(Here follows Exhibit 83, side folio 4441).

Co. Exhibit #83 And 83-A



3
934

[fol. 4442] Co. Exhibit 96

The Columbus Gas and Fuel Company

Income Statement for Year Ended December 31, 1930

Gross revenue:	
Gas	$3,157,006.00
Other non utility	3,289.09
Total revenue	$3,160,295.09
Operating expenses:	
Operation	$3,543,169.78
Maintenance	82,372.22
Depreciation	97,868.52
Taxes	154,687.54
Total expenses	$3,878,098.06
Net operating revenue	($717,802.97)
Other income	2,331.76
Gross corporate income	($715,471.21)
Interest	171,376.23
Net income	($886,847.44)

( ) Denotes red figures.

[fol. 4443] Co. Exhibit 97

The Columbus Gas & Fuel Company

Balance Sheet as of December 31, 1930

Assets

	Detail	Total
Fixed capital:		
Property, plant and equipment	$12,995,115.97	
Construction work in progress	3,875.44	
		$12,998,991.41
Current and working assets:		
Cash	$6,958.47	
Notes receivable	12,397.66	
Accounts receivable	425,112.57	
Marketable securities	150.00	
Materials and supplies	177,407.53	
		622,026.23
Inter-company accounts:		
Accounts receivable		29,321.08
Special funds:		
Impounded cash		1,311,398.87

Co. Exhibit 97—Continued

Deferred charges:		
Prepaid accounts	$28,407.37	
Other deferred charges	822.00	
Suspense—other	10,308.80	
Suspense—purchasing and stores	1,453.16	
Deposit for matured interest	32,475.00	
		73,466.33
Total assets		$15,035,203.92

Liabilities

	Detail	Total
Capital stocks:		
30,000 shares common @ $100.00 par	$3,000,000.00	
60,000 shares preferred @ $100.00 par	6,000,000.00	
		$9,000,000.00
Funded debt:		
5% bonds due July 1, 1932		1,296,000.00
Current and accrued liabilities:		
Accounts payable	$51,214.96	
Accrued taxes	114,200.00	
Accrued interest	7,700.63	
Other accrued liabilities	638.10	
		173,753.69
Inter-company accounts:		
Loans payable	$1,959,200.00	
Accounts payable	519,759.50	
Interest payable	29,388.00	
		2,508,347.50
Deferred liabilities:		
Consumers' service deposits	$75,074.55	
Line Extension deposits	56,717.59	
Suspense—Automobile	2,313.77	
Suspense—others	286.20	
Contra for bond interest	32,475.00	
Contingent earnings pending rate decision	1,311,308.12	
		1,478,175.23
Reserves:		
Depreciation	$1,251,886.77	
Injuries and damages	40,641.20	
Uncollectible accounts	7,359.51	
		1,299,887.48
Surplus		(720,959.98)
Total liabilities		$15,035,203.92

( ) Denotes red figures.

[fol. 4444] Company Exhibit No. 98

Memorandum in re Ordinances Introduced as Company Exhibits Nos. 28 to 41, Inclusive

Exhibit No. 28—Ordinance No. 4539, Passed Feb. 4, 1889

This ordinance granted to The Columbus Natural Gas and Fuel Company (Predecessors of The Columbus Gas and Fuel Company) and its successors and assigns, a franchise

to use the streets and other public grounds in the City of Columbus "for the purpose of laying pipes to be used for carrying gas for public or private use".

The ordinance contains no limitation as to time.

Exhibit No. 34—Ordinance No. 15231, Passed May 22, 1899

This ordinance granted to The Federal Gas and Fuel Company, a franchise to use the streets and other public grounds in the City of Columbus "for the purpose of laying pipes to be used for carrying natural gas for fuel for public or private use".

By section 10 of this ordinance the franchise was limited in time to "twenty-five years from the date of passage".

Exhibit No. 35—Ordinance No. 15564, Passed July 31, 1899

This ordinance added certain conditions to the franchise granted by Ordinance No. 15231, supra, but specifically retained the same date of expiration.

Exhibit No. 36—Ordinance No. 18338, Passed July 1, 1901

This ordinance fixed the price to be charged for natural gas in Columbus for ten years at 35¢ per M c. f. with discount for prompt payment.

This ordinance was accepted by The Central Ohio Natural Gas and Fuel Company (successor to Columbus Natural), and by The Federal Gas and Fuel Company, and [fol. 4445] thus became a contract between the City and those Companies.

Exhibit No. 37—Ordinance No. 25702, Passed June 12, 1911

This ordinance fixed the price to be charged for natural gas in Columbus for five years at 35¢ per M. C. F. with discount for prompt payment.

Accepted by The Columbus Gas and Fuel Company (successor to The Columbus Natural Gas and Fuel Company) and The Federal Gas and Fuel Company and thus became a contract between the City and those companies.

Exhibit No. 33—Ordinance No. 32514, Passed Mar. 21, 1921

This ordinance fixed the price to be charged for natural gas in Columbus for three years at:

45¢ per M. for first 10,000 cu. ft.
55¢ per M. for second 10,000 cu. ft.
65¢ per M. for all over 20,000 cu. ft.

with 5¢ per M. discount for prompt payment.

Accepted by The Columbus Gas and Fuel Company and The Federal Gas and Fuel Company and became a contract between the City and those companies.

Exhibit No. 38—Ordinance No. 32516, Passed Mar. 21, 1921

This ordinance was passed at the same time as the rate ordinance, No. 32514, supra, and amended the franchise of The Federal Gas and Fuel Company for the purpose of eliminating a payment of 10% of the receipts of the Company to the City.

This ordinance was accepted by The Federal Gas and Fuel Company.

Exhibit No. 39—Ordinance No. 32592, Passed May 9, 1921

This ordinance was passed in order to clarify certain language in Section 1 of Ordinance No. 32514 supra. No change was made in the rates.

[fol. 4446] This ordinance was not accepted, and the reasons are set out in Exhibit No. 39-A.

Exhibit No. 40—Ordinance No. 35496, Passed Aug. 6, 1924

This ordinance proposed to renew the franchise of The Federal Gas and Fuel Company for another period of twenty-five years, at rates to be fixed under the provisions of the general law.

The ordinance was not accepted by The Federal Gas and Fuel Company. The reasons for refusal to accept are set out in Exhibit No. 40-A.

Exhibit No. 29—Ordinance No. 35,533, Passed Oct. 3, 1924

This ordinance fixed the price to be charged for natural gas in Columbus for five years from September 12, 1924, at 40¢ per M. C. F. plus 5¢ if bills were not paid promptly.

This ordinance was not accepted by any Company, and became the basis of the case tried in the United States District Court, and now pending in the United States Circuit Court of Appeals.

Exhibit No. 30—Ordinance No. 410-29, Passed June 3, 1929

This ordinance by its terms granted a new franchise to The Columbus Gas and Fuel Company and fixed rates of:

75¢ minimum and 65¢, 60¢ and 55¢ per M. C. F. after January 1st, 1930.

The ordinance contained provisions settling all litigation between the Gas Companies and the City of Columbus, and provided for the acquiring of the property of The Federal Gas and Fuel Company by The Columbus Gas and Fuel Company.

This ordinance was accepted by The Columbus Gas and Fuel Company and The Federal Gas and Fuel Company, but was repealed by Ordinance No. 485-29 (Exhibit No. 31) and became the subject of litigation in The Federal Courts on the question of whether a contract had been consummated.

Exhibit No. 31—Ordinance No. 485-29, Passed June 17, 1929

This ordinance by its terms repealed Ordinance No. 410-29, supra; granted a new franchise to The Columbus [fol. 4447] Gas and Fuel Company, and fixed rates of:

75¢ minimum and 48¢ per M. C. F. for remainder of 1929

53¢ per M. C. F. after Jan. 1st, 1930.

This ordinance was submitted to the electors and was defeated.

Not accepted by the Company.

Exhibit No. 32—Ordinance No. 486-29, Passed June 17, 1929

This ordinance was passed on the same date as Ordinance No. 485-29 supra. The ordinance fixed the same rates for natural gas as was provided in Ordinance No. 485-29.

The ordinance was not accepted. It was submitted to vote at the same time as Ordinance No. 485-29 and was defeated.

Exhibit No. 41—Ordinance No. 645-29, Passed Sep. 3, 1929

This ordinance fixed the rate to be charged for natural gas in Columbus for five years from Nov. 12, 1929, at 75¢ minimum and 48¢ per M. C. F.

This ordinance was submitted to vote on November 5, 1929 and was approved.

The ordinance was not accepted by any Company, and is the ordinance from which the appeal now before the Commission was prosecuted.

These ordinances were placed in evidence by the Complainant because they show:

First. That The Columbus Gas and Fuel Company existed and was doing business in and with the City of Columbus many years prior to any ownership of its stock by The Columbia Gas and Electric Corporation.

Second. That The City of Columbus has for many years recognized the separate entities of The Columbus Gas and Fuel Company and The Federal Gas and Fuel Company, and dealt with them as such, both before and since the purchase of their stock by The Columbia Gas and Electric Corporation.

Third. That The Columbus Gas and Fuel Company has a franchise to operate in Columbus, and The Federal Gas and Fuel Company has none.

[fol. 4448] The Federal Gas and Fuel Company is operating in Columbus under and by virtue of a mandatory injunction issued by the Common Pleas Court of Franklin County in Case No. 99,971, which case is still pending in the Court of Appeals of Franklin County, being Case No. 1350.

Fourth: The rates effective in Columbus since 1901; the various acceptances thereof by the Gas Companies, to and including the rate of 45-55 and 65¢ per M. C. F. effective from 1921 to 1924, and the situation since the passage of Ordinance No. 35,533, supra, (Exhibit No. 29).

[fol. 4449]

Co. Exhibit 116

United Fuel Gas Co., Inc.

Estimated Cost of Reproduction as of December 31, 1928

Summary Classified by States and Accounts

Acct. No.	Title	Total property		West Virginia		Kentucky		Ohio	
		New	Less deterioration	New	Less deterioration	New	Less deterioration	New	Less deterioration
200	Organization	$1,103,127	$1,103,127	$951,202	$951,202	$134,817	$134,817	$17,108	$17,108
	Production system property:								
204	Land	$1,555	$1,555	$1,555	$1,555	.....	.....	.....	.....
206	Rights of way	236,998	236,998	220,765	220,765	$16,233	$16,233	.....	.....
208	Gas well structures	17,545	14,036	17,545	14,036	.....	.....	.....	.....
209	Field measuring station structures	18,853	16,798	16,733	14,748	2,120	2,050	.....	.....
210	Other production system structures	135,579	105,873	132,835	103,858	2,744	2,015	.....	.....
211	Gas well construction	10,626,759	4,888,309	9,793,746	4,505,123	833,013	383,186	.....	.....
212	Gas well equipment	3,645,096	2,531,548	3,401,714	2,363,804	243,382	167,744	.....	.....
213	Field line construction	2,335,671	2,032,034	2,175,097	1,892,334	160,574	139,700	.....	.....
214	Field line equipment	3,763,287	3,274,060	3,502,767	3,047,407	260,520	226,653	.....	.....
215	Field measuring station equipment	105,023	94,520	94,339	84,905	10,684	9,615	.....	.....
216	Drilling and cleaning equipment	465,212	325,648	390,780	273,546	74,432	52,102	.....	.....
217	Other production system equipment	7,049	5,991	6,623	5,629	426	362	.....	.....
	Total	$21,358,627	$13,527,370	$19,754,499	$12,527,710	$1,604,128	$999,660	.....	.....
	Incomplete construction	273,259	273,259	247,987	247,987	25,272	25,272	.....	.....
	Total production system property	$21,631,886	$13,800,629	$20,002,486	$12,775,697	$1,629,400	$1,024,932	.....	.....

2985

Co. Exhibit 116

United Fuel Gas Co., Inc.

Estimated Cost of Reproduction as of December 31, 1928

Summary Classified by States and Accounts

Acct. No.	Title	Total property		West Virginia		Kentucky		Ohio	
		New	Less deterioration	New	Less deterioration	New	Less deterioration	New	Less deterioration
	Transmission system property:								
218	Land	$20,013	$20,013	$9,837	$9,837	$9,532	$9,532	$644	$644
220	Rights of way	318,018	318,018	235,356	235,356	72,217	72,217	10,445	10,445
221	Compressing station structures	669,999	587,173	600,328	523,606	69,671	63,567	.....	.....
222	Transmission system measuring station structures	5,000	4,203	3,510	2,974	983	806	507	423
223	Other transmission system structures	247,770	205,174	218,707	179,920	26,548	23,367	2,515	1,887
224	Compressing station equipment	5,893,830	5,042,073	5,464,071	4,657,749	429,759	384,324	.....	.....
225	Transmission system measuring station equipment	20,669	18,602	12,219	10,998	5,971	5,373	2,479	2,231
226	Transmission line equipment	10,206,710	8,573,637	7,647,134	6,423,593	2,288,145	1,922,042	271,431	228,002
227	Other transmission system equipment	73,459	62,441	56,906	48,370	12,504	10,629	4,049	3,442
	Total transmission system property	$17,455,468	$14,831,334	$14,248,068	$12,092,403	$2,915,330	$2,491,857	$292,070	$247,074
[fol. 4450]									
	Distribution system property:								
228	Land	$50,713	$50,713	$18,317	$18,317	$30,190	$30,190	$2,206	$2,206
230	Rights of way	6,986	6,986	5,706	5,706	786	786	494	494
231	District regulator structures	43,961	31,997	25,714	18,764	14,020	10,166	4,227	3,067

233 Gas receivers and district regulators	65,742	59,168	48,971	44,074	11,203	10,083	5,568	5,011
234 Distribution line equipment	2,333,187	1,936,545	1,666,489	1,383,186	463,003	384,292	203,695	169,067
235 Service line equipment	664,326	551,390	475,428	394,605	114,917	95,381	73,981	61,404
236 Meters	729,646	620,199	521,915	443,627	129,110	109,744	78,621	66,828
237 Meter installations	75,725	64,366	53,663	45,614	13,394	11,385	8,668	7,367
239 Other distribution system equipment	20,027	18,025	13,262	11,936	4,225	3,803	2,540	2,286
Total distribution system property	$4,032,619	$3,370,781	$2,858,092	$2,386,670	$789,322	$662,545	$385,205	$321,566
General property:								
244 General office land	$145,000	$145,000	$145,000	$145,000	.....	.....	.....	.....
245 Other general land	63,834	63,834	63,834	63,834	.....	.....	.....	.....
247 General office structures	310,992	277,841	299,323	267,923	$11,669	$9,918	.....	.....
249 General office equipment	124,218	98,874	116,294	92,820	4,509	3,459	$3,415	$2,595
251 General shop equipment 256 General tools and implements	48,853	40,633	43,763	36,237	3,292	2,862	1,798	1,534
252 General stable equipment	5,502	5,323	5,276	5,099	226	224	.....	.....
253 General garage equipment	76,306	57,230	72,142	54,107	2,347	1,760	1,817	1,363
255 General telephone and telegraph equipment	230,417	154,646	193,831	127,918	36,586	26,728	.....	.....
Total general property	$1,005,132	$843,381	$939,463	$792,938	$58,629	$44,951	$7,030	$5,492
Undistributed construction expenditures:								
258 Engineering and superintendence during construction	$1,994,586	$1,789,857	$1,603,811	$1,507,490	$268,674	$253,106	$32,101	$29,261
259 General officers' and clerks' salaries during construction 260 General officers' and clerks' expenses during construction 261 Office supplies and expenses during construction	882,502	882,502	760,962	760,962	107,854	107,854	13,686	13,686

[fol. 4451]

Co. Exhibit 116—Continued

United Fuel Gas Co., Inc.

Estimated Cost of Reproduction as of December 31, 1928

Summary Classified by States and Accounts

Acct. No.	Title	Total property		West Virginia		Kentucky		Ohio	
		New	Less deterioration	New	Less deterioration	New	Less deterioration	New	Less deterioration
262	Law expenditures during construction	661,876	661,876	570,721	570,721	80,890	80,890	10,265	10,265
264	Insurance during construction	441,251	441,251	380,481	380,481	53,927	53,927	6,843	6,843
265	Taxes during construction								
266	Interest during construction	3,088,757	2,299,229	2,663,368	1,963,340	377,488	295,700	47,901	40,189
	Total undistributed construction expenditures	$6,978,972	$6,074,715	$5,979,343	$5,182,994	$888,833	$791,477	$110,796	$100,244
	Cost of financing	1,765,003	1,765,003	1,521,924	1,521,924	215,707	215,707	27,372	27,372
	Total	$53,972,197	$41,788,970	$46,500,578	$35,703,828	$6,632,038	$5,366,286	$839,581	$718,856
	Working capital, including materials and supplies	1,750,000	1,750,000						
	Total	$55,722,197	$43,538,970						

[fol. 4452] COMPANY EX. No. 140. Okey

Benedum-Trees Oil Company, Benedum-Trees Building, Pittsburgh, Penna.

M. L. Benedum, Prest. J. C. Trees, Vice Prest. C. A. Floto, Sec'y & Treas.

Cable Address: "Bentree Pittsburgh," Western Union Code

Pittsburgh, Pa., June 23rd, 1931.

Ohio Fuel Gas Company, Columbus, Ohio.

GENTLEMEN: The undersigned hereby offer to purchase from you your Ohio Gas Leaseholds as set forth in the books examined by Mr. A. B. Dally, Jr., including both operated and unoperated leases designated in said books as Classes One, Two, Three and Four, for the sum of Thirty Million Dollars, plus re-production costs less depreciation of your gathering lines and gas wells.

The re-production costs shall be arrived at through the selection by you of one engineer and by us of one engineer and the two engineers thus selected shall choose a third and the decision of the majority of said engineers as to said re-production costs less depreciation shall be final.

This offer shall be considered as continuing until noon of October 1st, 1931, and in the event of acceptance by you payment shall be made in cash within thirty days after approval of title by our counsel and tender of conveyances acceptable to our counsel.

Yours very truly, Benedum Trees Oil Company, by M. L. Benedum, President.

MLB/MD.

[fol. 4453] [Stamp:] Pipe, Steel, Iron. Laying, 1. Costs. Lefax Filing Index.

Class: Dewey 628.15: Lefax 14

Cost of Laying Iron Pipe

By Geo. Wehrle

(Gas Age, July 19, 1918)

The following system of unit figures for estimating the cost of laying gas pipe is applicable to all ordinary condi-

tions, and with proper changes will apply to cast iron water pipes as well. The first and salient factor is the man power expended in each class of work, from which can be worked out a unit cost for such class. The amount of work a man would do under average conditions in a given time was worked out. This factor established, the cost of accomplishing that unit of work at a unit time cost was computed.

Trenching and Back Filling—It was decided that under average conditions a man would trench and backfill 9 cu. ft. of trench per hour, and that the cost of trenching would equal twice the cost of back filling. The labor cost per hour was fixed at one cent which gave a unit cost per cubic foot of 0.00111. Multiplying the cubical contents of one lineal ft. of trench (1 ft. deep and of standard width for each size by 0.00111 gave unit cost per lin. ft. of trench exclusive of bell holes.

The cubical contents of a bell hole was considered to be that contained within a space of 8 in. wide and 18 in. long extending from a point 8 in. above the pipe to a point 8 in. deeper than the bottom of the trench on each side of the pipe and across the bottom of the trench under the pipe. Reducing this to a formula the cubical contents of a bell hole for a given size of pipe equals: $2 \times 8 \times 18 \times$ (diam. of pipe $+ 16) + 8 \times 18 \times$ (width of trench). Dividing this result by 12, which was considered to be the length of a joint of cast iron pipe in feet, gives the cubical contents of a bell hole per lineal foot of trench. Multiplying this figure by 0.00111 gives the unit cost of bell holes per lineal foot.

The cost of trenching and back filling for a given size of pipe in any locality can be found by the following formula:

Cost of trenching and back filling $= (A \times B + C) D$.
A=The unit cost for trenching from Table III and IIIa.
B=The depth of trench in feet.
C=The unit cost for bell holes from Table III.
D=The labor cost in cents per hour.

The manpower is considered to be that expended in medium soil which will meet average conditions. Conditions of hard and easy soils will in most cases balance each other, but under extreme circumstances, where the kind of soil to be encountered is known and is generally of the same character, allowance can be made by establishing a ratio between known and average conditions and using it as a

multiplier of the resultant obtained by using the above formula.

In finding trenching costs for screwed steel pipe the same unit cost is used as for a given size of cast iron with the omission of the bell hole.

Cast Iron Bell and Spigot Pipe, A. G. I. Std. 12 ft. Lengths.. Table I, Laying Pipe*

Pipe size	Foreman	Pipemen	Pipe wt. lbs. per ft.	Ft. of pipe per man-hr.	Ft. of pipe laid per *per* hour	Cost per foot at .01 per man-hr.
4	1	2	29.33	21.98	65.09	.000455
6	1	2	30.25	14.05	42.15	.000711
8	1	4	42.08	10.09	50.45	.000991
10	1	4	55.91	7.60	38.00	.001316
12	1	6	73.83	5.75	40.25	.001739
16	1	6	112.58	3.77	26.39	.002652
20	1	6	153.83	2.76	19.32	.003623
24	1	8	206.41	2.06	18.54	.004854
30	1	8	284.00	1.49	13.41	.006711

* To find local costs per ft. multiply unit cost per ft. from table by the local wage scale per hour for pipemen. For water pipe, substitute weights of pipe for those given in the fourth column, and change the following columns proportionately.

Costs. Lefax, Philadelphia, September, 1918.

[fol. 4454]

157-B

Pipe, Steel, Iron, Laying, Costs

Table II

Jointing Pipe*

Pipe size	Number of men: Calkers	Yarners	Leadmen	Lead, lbs.: Per joint	Per foot	Yarn, lbs.: Per joint	Per ft.	Joints per hr. for gang	Ft. pipe jointed per hr.	Cost per ft. at .01 per man-hr.
4	1	1	1	6	.50	.37	.0308	6.25	74.00	.000405
6	1	1	1	9	.75	.47	.0391	4.16	49.92	.000601
8	1	1	1	12	1.00	.56	.0466	3.12	37.44	.000801
10	1	1	1	16	1.33	.65	.0541	2.34	28.08	.001068
12	1	1	1	22	1.83	.75	.0625	1.70	20.40	.001470
16	1	1	1	36	3.00	1.06	.0883	1.03	12.36	.002427
20	2	2	1	50	4.16	1.34	.1116	1.25	15.00	.003333
24	2	2	1	62	5.16	1.60	.1333	1.04	12.48	.004006
30	2	2	1	75	6.25	2.09	.1666	.83	9.96	.005020

* To find the local cost per ft. multiply unit cost per ft. from table by the local wage scale per hour for calkers.

Table III

Trenching and Backfilling

Pipe size	Width of trench, in.	Cu. ft. per ft.		Cost of trenching and back filling at .01 per man hr. unit cost	
		Trench	Bellholes	Trench	Bellholes
4	20	1.66	.405	.00184	.00045
6	22	1.83	.459	.00203	.00051
8	24	2.00	.513	.00222	.00057
10	26	2.16	.540	.00239	.00060
12	30	2.50	.594	.00277	.00066
16	36	3.00	.702	.00333	.00078
20	40	3.33	.783	.00369	.00087
24	44	3.66	.864	.00406	.00096
30	50	4.16	1.000	.00461	.00111

Table IV

Summary of Unit Costs*

Pipe size, in.	Labor				Materials			
	Trench A	Bellholes B	Laying C	Jointing D	Pipe E	Lead F	Yarn G	Drayage H
4	.00184	.00045	.000455	.000405	.00966	.0050	.000308	.00966
6	.00203	.00051	.000711	.000601	.01512	.0075	.000391	.01512
8	.00222	.00057	.000991	.000801	.02104	.0100	.000466	.02104
10	.00239	.00060	.001316	.001068	.02796	.0133	.000541	.02796
12	.00277	.00066	.001789	.001470	.03691	.0183	.000625	.03691
16	.00333	.00078	.002652	.002427	.05630	.0300	.000883	.05630
20	.00369	.00087	.003623	.003333	.07777	.0416	.001116	.07777
24	.00406	.00096	.004845	.004006	.10320	.0516	.001333	.10320
30	.00461	.00111	.006711	.005020	.14204	.0625	.001666	.14204

*Column A—Cost per ft. for trenching and backfilling a trench 1 ft. deep at a labor cost of .01 per hour. For local costs multiply by depth of trench in ft. and by labor wage scale per hour.

Column B—Cost per ft. for trenching and backfilling a trench 1 ft. deep at a labor cost of .01 per hour. For local costs multiply by local wage scale per hour. The sum of the local costs of columns A and B equals the total cost of trenching and backfilling of which two-thirds may be charged to trenching and one-third to backfilling.

Column C—Cost per ft. for laying pipe at a .01 per hour wage scale. For local cost multiply by local wage scale per hour for pipe layers.

Column D—Cost per foot for jointing pipe at a .01 per hour wage scale. For local cost multiply by local wage scale per hour for calkers.

Column E—Cost per ft. of pipe at $1 per ton f. o. b. local city. For local cost multiply by local cost per ton.

Column F—Cost per ft. for lead at .01 per pound. For local cost per ft. multiply by local cost per lb. of lead.

Column G—Cost per foot for yarn at .01 per lb. For local cost multiply by local cost per lb. of yarn.

Column H—Drayage cost per ft. at a rate of $1 per ton mile. For local cost multiply by local drayage rate per ton-mile.

[fol. 4455]

157-C

Pipe, Steel, Iron, Laying, Costs

Standard Screw Steel Pipe

Table Ia

Laying Pipe*

Pipe size, in.	No. of men		Pipe per ft. in lbs.	Pipe per man-hr.	Ft. of pipe per man-hr.	Ft. of pipe laid per hr. by gang	Cost per ft. at .01 per man-hr.
	Foreman	Pipemen					
1¼	1	2	2.28	237.5	104.2	312.5	.000096
1½	1	2	2.73	236.4	86.6	260.0	.000116
2	1	2	2.36	238.2	65.0	195.0	.000154
3	1	2	7.62	278.9	36.6	110.0	.000273
4	1	2	10.89	289.6	26.6	80.0	.000376
6	1	2	19.19	303.2	15.8	47.5	.000633
8	1	4	28.81	302.5	10.5	52.5	.000952

*Covers reversing of couplings and handling of the pipe from the curb line to the trench and lowering into same. The weight of pipe per man-hour is not constant due to the reversing of a variable number of couplings per unit weight of different size pipes. To find local cost per foot multiply unit cost by local pipemen hourly wage.

Table IIa

Jointing*

Pipe size	No. of men	Joints per hr. per gang	Ft. of pipe per hr. per gang	Cost per ft. at .01 per man-hr.
1¼	2	9	180	.000111
1¼	2	8	160	.000125
2	2	6	120	.000166
3	2	4	80	.000250
4	2	3	60	.000333
6	2	2	40	.000500
8	3	2	40	.000750

*Covers the work of entering and screwing up pipe in the trench. The number of joints per man-hour varies as the diameter of the pipe. To find the local cost per ft. multiply cost per ft. by local wage scale per hour.

Table IIIa

Trenching and Backfilling

Pipe size, in.	Width of trench, in.	Cu. ft. per ft. of trench	Cost of excavating and backfilling at .01 per man-hr.	
			Per cu. ft.	Per depth
1¼	18	1.50	.00111	.00166
1½	18	1.50	.00111	.00166
2	18	1.50	.00111	.00166
3	18	1.50	.00111	.00166
4	20	1.66	.00111	.00184
6	22	1.83	.00111	.00203
8	24	2.00	.00111	.00222

Table IVa

Summary of Unit Costs*

Pipe, size, in.	Labor			Material	
	A	B	C	D	E
1¼	.00166	.000096	.000111	.01	.00114
1½	.00166	.000116	.000125	.01	.00136
2	.00166	.000154	.000166	.01	.00184
3	.00166	.000273	.000250	.01	.00381
4	.00184	.000376	.000333	.01	.00544
6	.00203	.000633	.000500	.01	.00959
8	.00222	.000952	.000750	.01	.01440

*Column A—Cost per ft. for trenching and backfilling a trench 1 ft. deep at a labor cost of .01 per hour. For local costs per ft. multiply by depth of trench in ft. and by labor wage rate per hour.

Column B—Cost per ft. for laying pipe at a .01 per hour wage scale. For local costs per foot multiply by local wage rate in cents per hour.

Column C—Cost per foot for joining pipe at a .01 per hour wage scale. For local cost per foot multiply by local wage scale in cents per hour.

Column D—Cost per ft. of pipe at .01. Substitute local cost per ft.

Column E—Drayage cost per ft. at $1 per ton-mile. For local cost per ft. multiply by the local drayage rate per ton-mile.

[fol. 4456] Laying Pipe—The labor of installing pipe, which in the case of cast iron covers the handling of pipe from the curb line to the trench, swabbing out, inspection and lowering into trench, and for steel pipe the work of reversing couplings, handling from curb line to trench, swabbing out, inspection and lowering into trench, was worked out by establishing an amount of pipe in lineal feet that could be handled in a given time by a standard pipe gang composed of a straw boss and a certain number of men for each size of pipe, based upon the weight of 1 ft. of pipe of a given size and the size of gang required to handle a standard length of the pipe.

It was considered that all pipe under 12 in. in diam. would be lowered into the trench by means of ropes held by the men while 12 in. and larger would be let into the trench by means of a portable derrick.

A ratio of weight per man-hour was established which in the case of cast iron pipe was found to be approximately 425 lb. of any size of pipe. The number of men in the gang multiplied by this constant and divided by the weight of 1 ft. of pipe of a given size gave the number of ft. of that size pipe which could be laid by the gang in one hour. The unit cost per ft. for each size of pipe was found by using a labor rate of .01 per hour multiplied by the number of men in the gang and divided by the ft. of pipe the gang could lay per hour.

Jointing—The unit cost per ft. for jointing cast iron pipe was calculated in the same manner as for laying except that the weight of lead per joint instead of the weight of pipe per ft. was used as a base. The number of men comprising the jointing gang was first decided and then the number of joints that they could make in a given time was calculated by establishing a ratio between the weight of lead and a man-hour. It was found that this ratio was 12.5 and the unit cost worked out at a .01 per hour wage scale by multiplying the number of men in the gang for a given size of pipe by the constant 12.5 and dividing by the weight of lead required to joint that size of pipe. This figure multiplied by 12 gave the ft. of pipe jointed per hour. Multiplying the number of men by .01 and dividing by the ft. of pipe jointed per hour gave the unit cost per ft. for jointing.

In jointing steel pipe the number of joints per man-hour is considered to vary as the diameter of the pipe which takes into consideration the friction to be overcome in jointing pipes of different sizes as well as the weight of the pipe per ft.

Cost of Material—The cost of pipe per ft. used in tables is figured at $1 per ton for cast iron and $0.01 per ft. for steel pipe. To obtain local costs multiply by local prices. Lead and yarn are figured at $0.01 per lb. each.

Fittings and specials are not included in tabulated costs, as conditions often make it necessary to handle this matter individually. For general estimating where extreme accuracy is not important, the unit cost per ft. of pipe may be considered as including specials.

The cost of maintaining a pipe storage yard or warehouse, unloading from cars, checking material, etc., has been estimated at 4% of the total cost of materials.

Drayage covers the cost of transporting materials from storage yard, warehouse or cars to the job and is based upon a cost of $1 per ton mile.

Supervision, engineering and contingencies, which includes the time of the general foreman, watchman, waterboy, etc., the cost of preliminary surveys and estimates, running levels, lines, permits, overhead or contingencies not otherwise classified, is estimated at 10% of the total cost.

A portion of the cost included in this classification usually is charged to operation, but must be included in valuation work where the entire cost of replacement is considered.

Owing to the liability of unforeseen contingencies arising in any construction work it is good policy to use the entire 10% in all estimates as a safety factor.

NOTE—The wage scale of calkers, yarners and leadmen vary but slightly, and therefore the wage of the calker was considered a fair average. Since the difference in wage paid the foreman is inconsequent compared with the total for the gang the foreman has been counted as one of the gang.

[fol. 4457] CO. EXHIBIT 159

The Ohio State Journal

Published Every Morning in the Year by The Ohio State Journal Co.

Columbus Office: The Ohio State Journal Building. Telephone: ADams 8151.

New York Office: New York Central Building.

Chicago Office: Room 1309, 75 E. Wacker Drive.

Philadelphia Office: Fidelity-Philadelphia Trust Bldg., 123 So. Broad St.

San Francisco Office: 801 Sharon Building.

Los Angeles Office: 117 W. Ninth St.

Subscription Rates

Delivered by Carrier

Daily only, week	$0.15	Daily-Sunday, week	$0.25
Daily only, month	.65	Daily-Sunday, month	1.09
Daily only, year	7.80	Daily-Sunday, year	13.00

Mail Subscriptions in Advance

(Within 150-mile radius of Columbus.)

Daily and Sunday, one month			$1.05
Daily-Sunday, year	$11.00	Daily only, year	6.00
Daily only, month	.55	Sunday only, year	5.00

(Outside of 150-mile radius, rates on application.)

Entered at Postoffice, Columbus, as second-class matter.

Member of the Associated Press

The Associated Press is exclusively entitled to the use for republication of all news dispatches credited to it or not otherwise credited in this paper and also the local news published herein.

Wednesday; October 7, 1931.

—Here Shall the Press the People's Right Maintain

The Basis for a Gas Rate

Slowly but surely Columbus, in the gas rate controversy, is breaking to pieces the evidence offered by the Columbus Gas Co. in support of its claim that it needs a higher price for its product here. The figures and facts presented to the public utilities commission by H. R. Allensworth, the city's consultant, constitute a blow, in the eyes of the layman a decisive one, to the company's claim.

Mr. Allensworth offered in evidence the fact that had the local company not abrogated its contract with the parent company in 1929 for gas at 31 cents, wholesale, and substituted for it a contract fixing the wholesale price at 45 cents, the profits of the local company now would be adequate. The inference here, of course, is that the Columbus company designedly raised the price to itself in an effort to force a higher rate, and that inference is wholly warranted when it is known that both the local company and the parent company are one and the same, or merely divisions of the same big company.

Any disinterested gas engineer will testify that 31 cents is a generous wholesale price for natural gas. Indeed, Mr. Allensworth pointed out that 26 cents would be enough.

The question of rate now goes back to the value of leaseholds owned by the parent company. Shall their present value be considered as a basis for the amount of investment upon which the company should base its rate, or shall their actual and original cost which is much lower than their present value be used as the base? The city contends, and rightly, that the original cost represents the true value of the investment.

When the true basis is found no doubt the present rate of 48 cents a thousand cubic feet will be found to be ample or too high.

[fol. 4458] Co. Exhibit 173

Memorandum

Subject: Difference in the Classification of Transmission System Property Between United Fuel Gas Company and The Ohio Fuel Gas Company

A comparison has been made of the classification of transmission system property of the United Fuel Gas Com-

pany and The Ohio Fuel Gas Company. The Uniform Classification of Accounts for Natural Gas Utilities as prescribed by The Ohio Public Utilities Commission states in the first paragraph, under Production Account 214, Field Line Equipment, "Charge to this account the cost of field line equipment owned by the Utility and used by it in collecting natural gas from wells and conveying it to the compressing or boosting stations or other points where the transmission system begins."

The following statement is included under Transmission System Property Account 226, transmission property equipment, "Charge to this account the cost of pipe line equipment owned by the Utility and used by it in transmitting natural gas from compressing or boosting stations or other points where the transmission system begins."

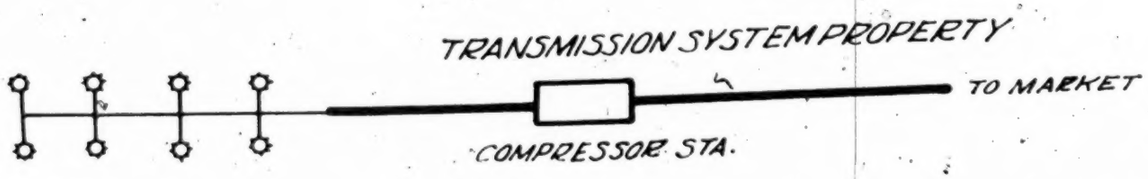
It is apparent from the Uniform System of Accounts that the classification of Transmission property is somewhat optional. The diagram here attached shows that in the system of the United Fuel Gas Company the transmission system property extends from the field boosting station to the wholesale delivery point of the market, whereas the transmission system property of the Ohio Fuel Gas Company extends from the well lines through the field transmission lines, field boosting and compressing stations to the point of wholesale delivery.

That statement here attached shows for the United Fuel [fol. 4459] Gas Company a ratio of the transmission system property to the total four classes of property to be 42.58 per cent. The same ratio for the Ohio Fuel Gas Company is 61.98 per cent. The difference in classification of property between the two companies again shows the fallacy of applying the demand mileage allocation factor. Changing the classification of property in these two companies changes the value of property to which the allocation factor is applied. It is, therefore, obvious that the method used in classifying transmission system property is also a function of the demand mileage factor and can only be corrected through the use of the volume basis.

(Here follows page 3, Exhibit 173, side folio 4460)

STATEMENT AND DIAGRAM SHOWING DIFFERENCES IN CLASSIFICATION OF TRANSMISSION SYSTEM PROPERTY AND THE RATIO OF TRANSMISSION SYSTEM PRODERTY TO THE TOTAL OF FOUR CLASSES OF PROPERTY OF UNITED FUEL GAS CO. AND THE OHIO FUEL GAS CO.

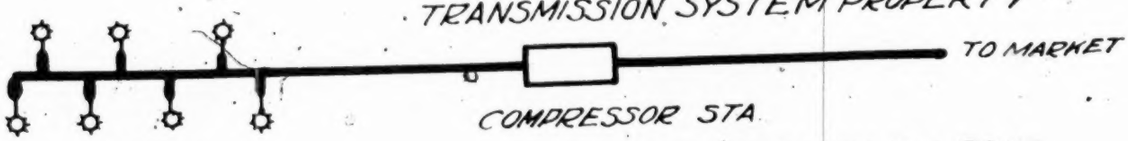
UNITED FUEL GAS CO.



	FORD BACON & DAVIS REPRODUCTION COST NEW AS OF DEC. 31 1928.	ADJUSTMENT MADE THRU THE APPLICATION OF PER CENTAGES TO ELIMINATE DISTRIBUTION SYSTEM FROM ORGANIZATION AND GENERAL PROPERTY
ORGANIZATION	$ 1.103.127.	$ 999.985
PRODUCTION SYSTEM PROPERTY	21.631.886.	21.631.886.
TRANSMISSION SYSTEM PROPERTY	17.455.468	17.455.468
GENERAL PROPERTY	1.005.122.	911.143
TOTAL	$41.195.603	$40.998.482.

$\$\frac{17\ 455\ 468.}{40\ 998\ 482.}$ = 4258 PER CENT. TRANSMISSION SYSTEM PROPERTY

THE OHIO FUEL GAS CO.



	FORD, BACON, AND DAVIS. REPRODUCTION COST NEW DEC 31, 1929
ORGANIZATION	$ 1 999 922
PRODUCTION SYSTEM PROPERTY	27.910 487
TRANSMISSION SYSTEM PROPERTY	50 820 409
GENERAL PROPERTY	1 265 994
TOTAL	$ 81.996 812.

$\$\frac{50\ 820\ 409}{81\ 996\ 812}$ = 61.98 PER CENT TRANSMISSION SYSTEM PROPERTY

NOTE HEAVY LINE IN EACH DIAGRAM REPRESENTS CLASSIFICATION OF PROPERTY TO TRANSMISSION SYSTEM

[fol. 4461]

Co. Exhibit No. 177

The Ohio Fuel Gas Company

Statement Showing Reserves for Replacements, Retirements, Etc., with Ratio of Reserves to Book Investment of Property for Three (3) Years

As of December 31	Reserve beginning of year	Credits during year	Debits during year	Net change during year	Reserve at end of year	Book investment at end of year	Ratio of reserve at end of year to book investment
*1928.....	$16,308,434.71	$1,845,463.82	$1,098,222.57	$747,241.25	$17,055,675.96	$75,022,980.27	22.73%
*1929.....	17,055,675.96	**3,887,469.44	1,936,608.74	1,950,860.70	19,006,536.66	85,610,708.77	22.20%
1930.....	19,006,536.66	1,419,055.48	1,452,306.22	(33,250.74)	18,973,285.94	89,525,839.18	21.19%

* Includes The Logan Gas Company.
** Includes Reserve taken over from Northwestern Ohio Natural Gas Company—$2,115,349.72.
Note: Above figures do not include Amortization Reserves.
( ) Denotes red figures.

[fol. 4462]

Co. Exhibit No. 178

The Ohio Fuel Gas Company

Statement Showing Reserves for Amortization of Leaseholds Only with Ratio of Reserves to Value of Leaseholds as per Books for Three (3) Years

As of December 31	Reserve beginning of year	Credits during year	Debits during year	Net changes during year	Reserve at end of year	Book investment of leaseholds at end of year	Ratio of reserve at end of year to book value of leaseholds
*1928.....	$2,113,487.52	$124,020.17	$235,637.00	($111,616.89)	$2,001,870.63	$8,520,943.77	23.49%
*1929.....	2,001,870.63	**133,849.61	396,690.35	(262,840.74)	1,739,029.89	8,478,280.83	20.51%
1930.....	1,739,029.89	1,572,658.26	1,273,826.64	298,831.62	2,037,861.51	8,792,122.91	23.18%

* Includes The Logan Gas Company.
** Includes Reserve taken over from Northwestern Ohio Natural Gas Company, $11,921.53.
( ) Denotes red figures.

[fol. 4463]

COMPANY EXHIBIT No. 178-A

The Ohio Fuel Gas Company

Statement Showing Reserves for Amortization of Leaseholds Only with Ratio of Reserves to Value of Leaseholds as per Books Adjusted to Reflect for Correction Made in December, 1930

As of December 31	Reserve beginning of year	Credits during year	Debits during year	Net changes during year	Reserve at end of year	Book investment of leaseholds at end of year	Ratio of reserve at end of year to book value of leaseholds
*1928.....	$2,113,487.52	$124,020.17	$235,637.06	($111,616.89	$2,001,870.63	$8,520,943.77	23.47%
*1929.....	2,001,870.63	**133,849.61	67,505.95	66,343.66	2,068,214.29	8,478,280.83	24.39%
1930.....	2,068,214.29	114,757.09	145,109.87	(30,352.78)	2,037,861.51	8,792,122.91	23.18%

* Includes Logan Gas Company.
** Includes Reserve Taken Over from Northwestern Ohio Natural Gas Company—$11,921.53.
(') Denotes red figures.

[Col. 4464] 60 Ex. #179

The Ohio Fuel Gas Company

Leases Transferred to Class 1 During Years 1927-1928-1929

County	Number of Acres
Ashland	6,391
Athens	10,940
Coshocton	1,142
Cuyahoga	124
Fairfield	421
Gallia	678
Guernsey	4,194
Hocking	211
Holmes	1,186
Jackson	4,355
Knox	1,564
Lawrence	86
Licking	394
Lorain	2,226
Medina	1,908
Meigs	731
Monroe	265
Morgan	2,467
Muskingum	808
Perry	1,559
Richland	525
Washington	1,084
Wayne	3,074
Total	46,333

[fol. 4465]

Co. Ex. No. 180

The Ohio Fuel Gas Company

Including the Logan Gas Company

Statement of Annual Payments in Lieu of Drilling Agreements—as of June 30, 1929

County	Township	Number Acres	Total	Annual payment in lieu of drilling	Total	Annual land rental superceded	Total
Ashland	Green	309		$600.00		$309.00	
Ashland	Hanover	158	467	422.50	$1,022.50	90.50	$399.50
Athens	Ames	10	10	50.00	50.00	2.50	2.50
Gallia	Addison	30	30	122.00	122.00	9.50	9.50
Guernsey	Adams	1,087		2,650.00		631.56	
Guernsey	Cambridge	140		425.00		58.75	
Guernsey	Jackson	47		100.00		23.48	
Guernsey	Knox	690		1,500.00		430.60	
Guernsey	Valley	8		200.00		5.00	
Guernsey	Wheeling	607	2,579	1,000.00	5,875.00	186.48	1,335.87
Holmes	Monroe	61	61	122.00	122.00	61.00	61.00
Jackson	Coal	56		350.00		26.00	
Jackson	Franklin	108		400.00		68.52	
Jackson	Lick	190		750.00		68.04	
Jackson	Washington	540	894	1,025.00	2,525.00	144.98	307.54
Knox	Brown	102		300.00		102.00	
Knox	Jefferson	170	272	300.00	600.00	110.00	212.00
Licking	Mary Ann	65	65	100.00	100.00	65.00	65.00

Lorain	Eton	24	....	120.00	.....	24.00	
Lorain	Grafton	30	54	150.00	270.00	15.00	39.00
Meigs	Bedford	8	8	200.00	200.00	8.00	8.00
Vinton	Jackson	120	.....	150.00	.....	60.00	
Vinton	Richland	1,324	1,444	1,834.00	1,984.00	358.76	418.76
Wayne	Canaan	113	.....	400.00	.....	37.52	
Wayne	Chester	7	.....	150.00	.....	7.00	
Wayne	Congress	24	.....	120.00	.....	24.00	
Wayne	Wayne	300	444	350.00	1,020.00	125.00	193.52
Grand total		.....	6,328	.....	$13,890.50	.....	$3,052.19

Number of leases—99.

188—608

3003

[fol. 4466] Co. Exhibit

The Columbus Gas and Fuel Company

Income Statement Showing Result of Operations for Nine (9) Months Ended September 30, 1931

	Amount
Gross revenue:	
Domestic	$1,856,651.04
Commercial	299,714.42
Public	20,844.67
Industrial	103,400.52
Other non-utility	4,852.70
Total gross revenue	$2,285,463.35
Expenses:	
Gas purchased for resale	$2,163,375.57
Distribution system expense	150,184.70
Utilization system expense	19,120.97
Commercial system expense	87,494.52
Business promotion expense	28,753.34
General expenses	166,111.96
Gas used by company, and free municipal	(4,868.28)
Other miscellaneous	(9,768.89)
Taxes (other than federal)	117,087.82
Total expenses and taxes (before depreciation)	$2,717,491.71
Depreciation	$70,554.96
Total expenses and depreciation	$2,788,046.67
Net revenue	($502,583.32)
Interest	$150,883.19
Net income	($653,466.51)

( ) Denotes red figures.

[fol. 4467] The Columbus Gas and Fuel Company

Balance Sheet as of September 30, 1931

Assets

Fixed capital:	Detail	Total
Property, plant and equipment	$13,048,792.61	
Construction work in progress	29,310.96	$13,078,103.57
Current and working assets:		
Cash	$44,873.83	
Notes receivable	10,753.28	
Accounts receivable	231,193.01	
Marketable securities	150.00	
Materials and supplies	177,446.70	464,416.82
Inter-company accounts:		
Accounts receivable		28,413.86
Special funds:		
Impounded cash		1,341,118.53
Deferred charges:		
Prepaid accounts	$10,078.42	
Suspense—Other work in progress	448.83	
Suspense—Others	29,789.80	
Suspense—Purchasing and stores	2,996.19	
Deposit for matured interest	525.00	43,838.24
Total assets		$14,955,891.02

Liabilities

Capital stock:	Detail	Total
30,000 shares common	$3,000,000.00	
60,000 shares preferred @ $100.00 par	6,000,000.00	$9,000,000.00
Funded debt:		
5% mortgage bonds due July 1, 1932		1,296,000.00
Current and accrued liabilities:		
Accounts payable	$16,227.48	
Other current liabilities	18,826.75	
Accrued taxes	96,288.16	
Accrued interest	25,819.65	157,162.04
Inter-company accounts:		
Loans payable	$2,232,600.00	
Accounts payable	748,149.07	
Interest payable	33,489.00	3,014,238.07
Deferred liabilities:		
Consumers' service deposits	$74,775.55	
Line extension deposits	54,142.52	
Suspense—Automobile	1,902.79	
Suspense—Abandonment account	5,811.20	
Contra for bond interest	525.00	
Contingent earnings pending rate decision	1,341,027.78	1,478,184.84
Reserves:		
Depreciation	$1,316,139.26	
Injuries and damages	52,601.38	
Uncollectible accounts	15,991.92	1,384,732.56
Surplus		(1,374,426.49)
Total liabilities		$14,955,891.02

( ) Denotes red figures.

(Here follows Co. Ex. No. 186 side folio 4468)

[fol. 4468]

Co. Ex. No. 186

The Columbus Gas and Fuel Company

Statement Showing Valuation of August 31, 1925, Allowed by Judge Hough Plus Additions as Shown by Investment Records to December 31, 1929, and With Methods of Overheads and Depreciation Percentages (Applied to Additions) as Were Used in the Valuation of Judge Hough

Additions to Property Within City and for Use Within City from August 31, 1925 to December 31, 1929

	Land	Right of way	General overhead accounts	All other accounts	Total	Cost new	Fair value
Additions by investment records (City Exhibit #5)	$18,750.26	$9,387.03	$15,179.13	$1,188,444.36	$1,231,760.78		
Items in the above in which is included a general Overhead allowance { 10% land and rights of way; 17% other accounts	2,126.20	9,356.01	15,179.13	89,289.00		$115,950.34	
Items in above without a general overhead allowance	16,624.06	31.02		1,099,155.36		1,115,810.44	
						$1,231,760.78	
Undistributed construction expenditure (Added on items not having a general overhead allowance)							
As allowed by Judge Hough { 10% right of way		3.10				3.10	
10% land	1,662.41					1,662.41	
17% all other accounts				186,856.41		186,856.41	
Total plus general overheads						$1,420,282.70	**$1,188,492.56
Going concern value (Judge Hough 10%)						142,028.27	142,028.27
*Cash working capital (Judge Hough 3.34%)						47,437.44	47,437.44
Total additions (for service within city)						$1,609,748.41	$1,377,958.27

Valuation allowed as of August 31, 1925 by Judge Hough

		Reproduction cost new	Fair value				
Total valuation		$4,740,285.00	$4,071,486.00				
Less allowance for extensions	$80,000.00						
construction in progress	15,127.00						
Deduction	95,127.00	95,127.00	95,127.00				
Total less deductions		$4,645,158.00	$3,976,359.00			4,645,158.00	3,976,359.00
Judge Hough's valuation plus additions						$6,254,906.41	$5,354,317.27

* Cash working capital, estimated on a percentage basis from Judge Hough's valuation (Allowed by Judge Hough)

Cash working capital	$100,000
Material and supplies	36,893
Total	$136,893

$\frac{\$136,893}{\$4,098,423} = 3.34\%$

The average depreciation of Judge Hough was

$\frac{\$668,799}{\$4,098,423} = 16.32\%$

$4,098,423 — Judge Hough's total plus general overhead including land

Nov. 9, 1931.

[fol. 4469]

COMPANY EXHIBIT No. 201

City of Columbus

Division of Water Works

16" C. I. Water Main

E. Broad St.—Garfield Ave. to N. & W. R. R.

C-143

[fol. 4470]

City of Columbus

E. Broad St. 16" C. I. Water Main

Garfield Ave. to N. & W. R. R.

Length of Job—7,988 Feet

Summary of Performance

	Cu. ft. per man hour	Cu. yds. per 9-hour day
Hand Excavation	9.10	3.03
Hand Backfill	25.96*	8.65*
" "	22.23**	7.41**
Hand Tamping	15.88	5.29
Combined	4.73*	1.54*
"	4.59**	1.53**

	Lin. ft. per man hour
Laying & Jointing:	
Per foot of pipe and fittings	2.86
Per trench foot	2.865

* Includes volume occupied by pipe.
** Excludes volume occupied by pipe.

[fol. 4471]

Summary

Hand Excavation

Date	Total man hours	Total cu. ft.	Cu. ft. per man hr.	Cu. yds. per 9-hour day
June 23, 1931				
24	802.75			
25	495.92			
26	186.58			
27	204.25			
29	326.17			
30	223.75			
July 1, 1931	173.58			
2	290.75			
3	233.00			
6	248.67			
7	225.75			
8	390.42			
9	527.00			
10	381.42			
11	257.08			
13	193.58			
14	557.50			
15	499.75			
16	529.42			
17				
18	56.50			
20	680.75			

COMPANY EXHIBIT No. 201—Continued

Date	Total man hours	Total cu. ft.	Cu. ft. per man hr.	Cu. yds. per 9-hour day
July 21	.....			
22	566.25			
23	276.75			
24	236.75			
25	20.67			
27	.....			
28	.....			
Total	8,585.01	78,165*	9.10	3.03

* Total cu. ft. obtained from following figures:
Average depth = 4.45′ from bottom of paving base to bottom of trench.
Average width = 2.333′.
Length excavated = 7,988 minus 459 feet of tunnels = 7,529′.

[fol. 4472]

Summary

Hand Backfill

Date	Total man hours	Total cu. ft.*	Cu. ft. per man hour	Cu. yds. per 9-hour day
June 23, 1931	.....			
24	.....			
25	39.75			
26	181.25			
27	175.25			
29	141.00			
30	147.92			
July 1, 1931	127.58			
2	135.67			
3	131.83			
6	126.17			
7	122.67			
8	96.25			
9	14.83			
10	125.75			
11	161.25			
13	341.17			
14	100.92			
15	89.25			
16	175.75			
17	.....			
18	38.92			
20	98.17			
21	.....			
22	48.25			
23	182.83			
24	233.33			
25	265.00			
27	217.08			
28	56.83			
Total	3,574.67			
Including pipe volume		92,795	25.96	8.65
Excluding pipe volume		79,470	22.23	7.41

* Total cu. ft. obtained from following figures:
Trench width = 2.333′.
" depth = 4.45′ plus 10″ of paving = 5.283′.
" length = 7,529′.
Outside diameter of pipe = 17.4″, and 18″ was used in figuring volume.
Volume of pipe = 1.77 x 7,529 = 13,325 cu. ft.

COMPANY EXHIBIT No. 201—Continued

[fol. 4473]

Summary

Hand Tamping

Date	Total man hours	Total cu. ft.*	Cu. ft. per man hour	Cu. yds. per 9-hour day
June 23, 1931	.....			
24	.....			
25	.....			
26	121.08			
27	122.42			
29	108.58			
30	125.00			
July 1, 1931	113.00			
2	82.67			
3	79.33			
6	61.33			
7	57.00			
8	37.25			
9	23.58			
10	13.58			
11	151.67			
13	151.83			
14	15.83			
15	18.25			
16	108.67			
17	.....			
18	.....			
20	94.83			
21	.....			
22	29.25			
23	190.67			
24	266.17			
25	316.67			
27	292.92			
28	51.42			
Total	2,633.00	41,815	15.88	5.29

* Part of trench was flushed to within 18" of top and remainder was tamped by hand for distance of 4,572'. A distance of 2,957' was not flushed.
Cu. ft. for distance of 4,572' = 4,572 x 1.50 x 2.333 = 16,002.
" " " " " 2,957' = 2,957 x 2.333 x (5.241 — 1.5) = 25,813.

[fol. 4474]

Summary

Laying and Jointing

Date	Total man hours	Total Lin. ft.*	Lin. ft. per man hour
June 23, 1931	.....	.....	
24	16.17	.....	
25	101.75	302.00	
26	120.00	390.00	
27	122.25	287.50	
29	120.00	298.00	
30	116.50	426.25	
July 1, 1931	108.00	177.67	
2	97.92	228.00	
3	120.00	372.00	
6	96.00	288.00	
7	101.17	250.83	
8	101.33	228.00	
9	116.25	79.00	
10	120.00	564.00	
11	120.00	530.00	
13	103.33	288.00	
14	78.33	167.00	

COMPANY EXHIBIT No. 201—Continued

Date	Total man hours	Total cu. ft.	Cu. ft. per man hr.	Cu. yds. per 9-hour day
July 15	83.33		180.00	
16	120.00		468.00	
17 Rain	97.50		98.00	
18 Rain	.....		.....	
20	86.25		27.00	
21 Rain	.....		.....	
22	115.50		257.83	
23	120.00		420.00	
24	120.00		488.50	
25	136.00		670.00	
27	128.00		472.00	
28	22.50		16.50	
Total	2,788.08		7,974.08	2.86

* Lin. feet as found by tallying pipe and fittings.

NOTE: Total length observed was 7988 feet which equals tunnels plus trench. Using 7988 feet gives a lin. ft. per man hr. performance of 2.865.

[fol. 4475] CO. EXHIBIT No. 205

The Columbus Gas & Fuel Company

Projected Income Statement Based on Actual Operations for Year Ended December 31, 1929, Assuming a Rate of $.48 per M. C. F. With $.75 Minimum Charge and $.45 per M. C. F. for Gas Purchased

Supplement to Page 3 of L. A. Seyffert Exhibit No. 10

		Inside the city of Columbus	Average per M. C. F. sold
Operating expenses:			
Purchased gas expense	$1,078.32		
Distribution "	141,534.62		
Utilization "	28,865.93		
Commercial "	108,798.99		
Business promotion expense	47,438.75		
General administrative expense	86,577.73		
Other general expense	125,359.98	$539,654.32	
Depreciation	.....	174,880.24	
Taxes:			
Property	$94,176.95		
Excise	34,150.96		
Public utility commission	1,343.63	129,671.54	
Return on value of property—8.0 per cent		422,762.32	
Total (exclusive of gas purchased)		$1,266,968.42	$.2166
Gas purchased:			
(5,848,495 x 106.5%) = 6,228,647 M@ $.45 per M (includes line loss)		2,802,891.15	.4793
Total operating expenses, depreciation taxes, return, and gas purchased		$4,069,859.57	$.6959
Operating revenue:			
(5,848,495 M. C. F. sold)			
Metered domestic sales	$2,241,573.51		
" commercial sales	433,983.17		
" industrial sales	126,161.63		
" public sales	23,810.88		
Discounts & penalties	36,389.14	$2,861,918.33	$.4893
Annual deficiency in revenue	.....	($1,207,941.24)	($.2066)

( ) Denotes red figures.

[fol. 4476] [Stamp:] Received Nov. 22, 1930. Turner, Calland & Summers

Co. Ex. 208

BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

No. 341

In the Matter of the Proposed Increase of Rates of THE DAYTON POWER AND LIGHT COMPANY

Where a public utility, distributing natural gas, applies for an increase in rates and it appears that such utility has entered into a contract to pay a transportation company a gateway price of 45¢ per thousand cubic feet and it further appears that said contract was made under the supervision of a managing company and that all the common stock of the distributing company, the transportation company and the managing company, is owned or controlled by the same holding company, the burden is upon the company asking for an increase in rates to show that the gateway price is just and reasonable to the distributing company and to the consumer.

Charles P. Pfarrer, E. P. Matthews, Lawrence K. Langdon, Chester J. Gerkin and J. E. Mullin, Attorneys for The Dayton Power and Light Company.

Tatem & Rush (Springfield, Ohio), Attorneys for the Villages of South Charleston and North Hampton.

Paul C. Klapp, Attorneys for the Village of Tippecanoe City.

Bernard S. Keyt, Attorney for the City of Piqua.

A. Newton Browning, Attorney for the City of Washington Court House.

Harley D. Enyeart, Attorney for the City of Troy.

[fol. 4477] This case involves the rates charged by The Dayton Power and Light Company for natural gas furnished by it at North Hampton, Piqua, Sidney, South Charleston, Tippecanoe City, Troy, territory adjacent to Troy, Washington C. H. and Wilberforce, towns in the vicinity of Dayton. This territory will be hereafter designated as "the eight towns."

On June 17th, 1929, the Company filed with the Commission, new schedules to be charged for gas supplied to

the eight towns and to others which have since adjusted their rate by municipal action. The rate proposed is $1.00 for the first 500 cubic feet per month; 60¢ per 1,000 cubic feet for the next 19,500 cubic feet per month; 55¢ per 1,000 cubic feet for all over 20,000 cubic feet per month; 3¢ per thousand to be added when bills are not paid within five days.

Protests against those proposed rates were filed by several of the towns involved. The new schedules were filed before the effective date of the Carpenter Amendment and the case not being heard within 120 days, the company filed a bond to secure repayment.

For several years prior to the filing of the new schedule, the established rate for all of the eight towns involved, except Washington C. H., was $1.00 for the first 500 cubic feet; 50¢ per thousand cubic feet for all over 500. For Washington C. H., the rate had been 75¢ per 1,000 cubic feet.

The company owns the gas distribution systems in the towns where it supplies natural gas only. It does not own any transmission pipe lines. It buys from The Ohio Fuel Gas Company, under wholesale contracts, at 45¢ per thousand cubic feet, delivered at the several city gates, all gas [fo] 4478] it supplies to consumers. The revenues of the company in 1929, from the eight towns, was $679,444.00; the number of gas consumers in this territory being 14,019.

The company claims the present value of the property, incident to the business of the eight towns, to be $1,250,-221.00, including a certain proportion of the real estate in the City of Dayton. The company uses certain per cent in allocating to the eight towns the value of its property as well as the cost of the operation.

The company claims that for 1929, it not only received no return on the value of its property in the eight towns, but lost $42,830.00 and that under the proposed rates, the estimated revenue would be $741,622.00 and the estimated expenses $726,531.00, leaving a balance of $15,091.00 after expenses, for a return upon the property, far below the income to which it is entitled.

The common stock of the company is owned by The Columbia Gas and Electric Corporation. The preferred stock is scattered among 3,300 different stockholders.

The company introduced evidence tending to support its claim as to the valuation of its property and that it was entitled to the advanced rates.

The expense of the eight towns for 1929, exclusive of taxes, was $697,529.00 of which amount $537,081.00 was paid to The Ohio Fuel Gas Company for gas purchased at the gateway price of 45¢ per thousand cubic feet.

All the stock of The Ohio Fuel Gas Company and all the common stock of The Dayton Power and Light Company is owned directly or indirectly by The Columbia Gas and Electric Corporation. Each of said companies has a contract with The Columbia Engineering and Managing Cor-
[fol. 4479] poration for certain operating purposes. The stock of The Columbia Engineering and Managing Corporation is also owned by The Columbia Gas and Electric Corporation.

After the introduction of the testimony by the company, the eight towns moved that the application be denied, for the reason, among others, that the evidence shows that the Dayton Company and The Ohio Fuel Gas Company, from which it purchased its gas, are owned and controlled by The Columbia Gas and Electric Corporation and are subject to common management and that the gateway price of 45¢ per thousand cubic feet charged the company is not justified.

The eight towns further urge that by reason of the interrelation of the several companies, the contract for the gateway rate is not in fact a contract between The Dayton Power and Light Company and The Ohio Fuel Gas Company and that the same must be disregarded and that the burden is upon the applicant to prove the reasonableness of the gateway price charged by The Ohio Fuel Gas Company, the transportation company.

Burden of Proof

Under Section 528 G. C., the burden rests upon the company to prove the reasonableness of the increase of rates. This necessarily implies that the company must justify the operating expenses entered into these rates.

The company claims that the contract is prima facie evidence of the reasonableness of the rates and that if no evidence is offered to the contrary, the company has discharged the burden of proof imposed upon it. It asserts

that the presumption is that the contract is made in good faith and that to overcome this presumption, it is incumbent upon the protestants to prove that the contract was not made in the exercise of the proper discretion of the plain-
[fol. 4480] tiff's officers; that while the agreements between the associated companies are to be scrutinized carefully, they may not be rejected as shams, nor may the findings of the Commission as to what would be a reasonable contract, be substituted for the judgment of the officers of the company, unless it appears that the contract was made in bad faith and as a device for unduly enhancing the earnings of the transportation company at the expense of the distributing company.

The company asserts that it has discharged the burden imposed upon it when it has shown the contract, the circumstances of its execution and when it has further shown by competent evidence that the prevailing gateway price for companies similarly situated, is the same as that charged to this company and that there was not available to it gas from any source, which it could purchase at a less rate.

The witnesses for the company testified as to the gateway prices in various municipalities of the State, most of such gateway prices being those charged by The Ohio Fuel Gas Company or some related transportation company. Most of these prices were 45¢ or over.

Witness Weber, on cross-examination, testified that The Ohio Fuel Gas Company purchased gas from independent producers at 18¢—20¢—22¢ and 22½¢ and that it had made an offer of 15¢ for the purpose of influencing small well producers local to its transportation line, but that 15¢ had produced no result and that the company had not offered more.

Under the circumstances above sketched, the question is whether or not the company has met the burden imposed upon it by the statute by proving a gateway price fixed by a contract between a producing and a transportation com-
[fol. 4481] pany and a distributing company, all of whose common stock is held by The Columbia Gas and Electric Company and which contract was made under the general supervision of a managing corporation whose stock is likewise held by the same holding company, without attempting to otherwise show that the gateway price is reasonable except by the fact that the same or a higher price is paid elsewhere.

It is the duty of the Commission to carefully scrutinize this contract and most of the cases to which counsel has referred, indicate that evidence was adduced which permitted such close scrutiny in the cases under consideration and that evidence was given as to the reasonableness of the price paid by the regulated company.

The Commission is impressed with the view of the court in the case of Ohio Mining Co. vs. Public Utilities Commission, 106 O. S. 138, where it is held:

"Where a corporation is not a public utility within the definition of the General Code, the public utilities commission is without power to make an order effecting such corporation. But where a contract of such corporation involves the rates and charges which a public utility must receive to earn a fair return on its investment, the public utilities commission may investigate and determine whether such contract is just and reasonable to the public utility by the standard of the cost of production by such public utility, or by the standard of the price at which such public utility may be able to purchase such product from other persons or corporation, or both, and may base upon such finding, plus a reasonable return upon the investment of the public utility and a reasonable sum for depreciation, the price and charge at which such public utility shall sell its service."

The case of People vs. The Michigan Bell Telephone Company, 246 Michigan 198, seems to us to have much weight in favor of the proposition that contracts such as the present should be considered not only from the viewpoint that the contract exists, but from the broader view as to the conditions under which it was executed and whether or not the circumstances leading to its execution, have any just [fol. 4482] bearing upon the rate.

In the case of the United Fuel Gas Company vs. Railroad Commission of Kentucky, 278 U. S. 300, 73 Law Ed. 390, Mr. Justice Stone said:

"We need not labor the point that a public service corporation may not make a rate confiscatory by reducing its net earnings through the device of a contract unduly favoring a subsidiary or a corporation owned by its own stockholders. * * * and common ownership is not of itself sufficient ground for disregarding such intercorporate agreements when it appears that, although an affiliated cor-

poration may be receiving the larger share of the profits, the regulated company is still receiving substantial benefits from the contract and probably could not have secured better terms elsewhere."

Counsel for the company urges that this case is directly in its favor, but we do not so read it. A careful reading of this case indicates a view opposite to that urged by Counsel for the company.

If the Commission may not investigate the contract entered into between a distributing company and a transportation company, through a managing corporation; whose common stock in turn is held by the same corporation that holds the common stock of the two contracting companies, the authority of the Commission is circumscribed.

The gateway price being the major portion of the total expenses of the distributing company, the Commission's investigation as to the fair value of the property of the distributing company and the reasonableness of its other expennses is of but little consequence. It must accept the gateway contract as final.

The parties in this case are so situated that the evidence which would throw light upon the justness of the 45¢ gateway rate is within the control of the company and not easily available to the eight towns.

[fol. 4483] We therefore conclude that, under the present condition of evidence, we should not go further into an expensive check of the company's valuation of the physical plant until we have determined whether the gateway rate is just. We do not hold the contract between the producing and the distributing company void or a sham or fraudulent, but we take the position that at this time it is incumbent upon the company to produce all available evidence within its control touching the fairness of the gateway rate.

If the evidence so produced establishes the fairness of the gateway rate, we shall then go forward to determine the question of the value of the property under the evidence now before us.

The order of the Commission will therefore be that the Company produce all the evidence available touching the cost of producing or acquiring and transmitting the gas to the several gateways and of the fairness of the gateway

rate of 45¢, and failing to do this within a reasonable time, the application for the increase of rates will be denied.

An order will issue accordingly.

The Public Utilities Commission of Ohio, Frank W. Geiger, Chairman; Wm. Klinger, John W. Bricker, Commissioners. (Seal The Public Utilities Commission of Ohio.)

Dated at Columbus, Ohio, this 21st day of November, 1930.

A true copy: Ira E. Sprankle, Superintendent of Investigation.

(Here follows table, side folio 4484)

Blundon Appraisal 4 Methods Applied on
Wholesale Deli
COLUMBU

	STATION NAME	COUNTY		A Annual DEMAND	B	C MILES	D B x C	E	F	G	H GXF	I YEARLY DEGREE DAYS	J	K	L	M K+L	N	O	P	Q	R
1 Nov	Columbus Airport	Pick	(Jan thru Nov)	—	—	—	—	—				4479			—					—	
2	" Arlington			2149		39.519	77.33231					2764.98									
3	" Baker Hill			1160		32.934	38.223					1330.58									
4	" Canal		(Jan thru Dec)	—	—	—	—	—				96.59			—					—	
5	" Mt Kingston Rd			7179		36.619	299.309					467.581									
6	Chesapeake Gas			268		36.766	99.0688					2.28									
7	Eastman		(Jan thru Dec)	—	—	—	—	—				1.51			—					—	
8	Greenport Rec			17		32.115	5.46355					5.77									
9	Maple Ave			3249		29.924	119.417					633.114									
10	Columbus Airport			17961		74.47	699.206														
11	" Baker Rd			3765		35.914	23.241														
12	Scioto Columbus			11134		39.160	47.95														
13	St Mary		(Jan thru Dec)	—	—	—	—	—				81.97			—					—	
14	Tulane			395		31.986	12.63														
15 Nov	Alum Creek			—	—	—	—	—				4.78			—					—	
16 Nov	Columbus Base			—	—	—	—	—				7.5			—					—	
	Total Columbus			5 8197								2776.05									

Blundon Appraisal of Mo... Applied on Each Market Throughout
Wholesale Deliveries
COLUMBUS

P.U.R. Company Exhibit No. 210

L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA	BB	BC	BD	BE	BF	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	

[fol. 4484a] CITY EXHIBIT No. 26

The Ohio Fuel Gas Company

Statement Showing Acreage Operated and Unoperated by Counties as of June 30, 1929

Name of County	Acreage of the Ohio Fuel Gas Co. as of June 30, 1929			Acreage of the Logan Gas Co. as of June 1, 1929 Incl. with the Ohio Fuel Gas Co.		
	Operated	Unoperated	Total	Operated	Unoperated	Total
Ashland	39,626	116,321	155,947	23,099	45,597	68,696
Ashtabula	.....	70,416	70,416	.....	.....	.....
Athens	41,188	113,165	154,353	18,076	32,131	50,207
Belmont	534	4,002	4,536	.....	.....	.....
Coshooton	4,035	204,121	208,156	2,025	81,190	83,215
Cuyahoga	1,350	8,810	10,160	703	3,135	3,838
Fairfield	8,242	8,628	16,870	2,649	2,250	4,899
Gallia	1,305	103,625	104,930	.....	6,385	6,385
Geauga	.....	48,994	48,994	.....	.....	.....
Guernaey	11,855	75,542	87,397	1,334	8,366	9,700
Hardin	386	1,755	2,141	.....	.....	.....
Harrison	.....	12	12	.....	.....	.....
Hocking	25,581	53,171	78,752	13,792	15,818	29,610
Holmes	9,354	156,051	165,405	3,731	45,831	49,562
Jackson	17,843	91,863	109,706	160	13,228	13,388
Knox	18,948	47,366	66,314	5,175	1,098	6,273
Lake	.....	11,347	11,347	.....	.....	.....
Lawrence	14,078	138,184	152,262	.....	.....	.....
Licking	27,111	53,658	80,769	6,176	1,141	7,317
Lorain	6,986	71,062	78,048	1,848	24,908	26,756
Medina	23,786	136,196	159,982	11,601	22,164	33,765
Meigs	1,631	106,159	107,790	298	39,339	39,637
Monroe	1,446	3,954	5,400	.....	.....	.....
Morgan	5,496	107,755	113,251	358	14,501	14,859
Muskingum	883	139,691	140,574	.....	33,182	33,162
Noble	4,075	57,042	61,117	.....	.....	.....
Ottawa	1,350	440	1,790	.....	.....	.....
Perry	9,389	62,435	71,824	5,786	10,683	16,469
Portage	.....	25,802	25,802	.....	4,460	4,460
Richland	7,921	49,981	57,902	4,246	4,541	8,787
Stark	.....	26,443	26,443	.....	16,013	16,013
Summit	.....	22,287	22,287	.....	51	51
Trumbull	.....	41,024	41,024	.....	.....	.....
Tuscarawas	807	48,211	49,018	.....	15,571	15,571
Vinton	30,740	68,759	99,499	4,205	4,770	8,975
Washington	8,804	67,821	76,625	1,266	19,871	21,137
Wayne	22,556	147,005	169,561	9,395	88,329	97,724
Total	347,306	2,489,098	2,836,404	115,923	554,553	670,476

[fol. 4485] CITY EXHIBIT No. 27

The Ohio Fuel Gas Company and the Logan Gas Company

Statement Showing Number of Operated and Unoperated Acres with Value as Per Books From December 31, 1923 to December 31, 1930

Period ended	Operated acreage	Unoperated acreage	Total acreage	Value as per books
December 31, 1923	244,202	1,614,076	1,858,278	$6,703,957.57
December 31, 1924	225,295	1,410,738	1,636,033	6,709,767.60
December 31, 1925	218,990	1,348,908	1,567,898	6,714,497.34
December 31, 1926	227,240	1,409,217	1,636,457	6,814,056.55
December 31, 1927	277,095	2,339,905	2,617,000	7,481,879.40
December 31, 1928	332,750	2,274,457	2,607,201	8,520,943.77
June 30, 1929	347,306	2,489,098	2,836,404	8,581,549.61
December 31, 1929	358,432	2,602,161	2,960,593	8,478,280.83
December 31, 1930	360,255	2,565,473	2,925,728	8,792,122.91
Logan Gas Company acreage				
Acreage as of December 31, 1924	86,006	837,062	923,068	$6,304,473.70
Acreage as of June 1, 1929	115,923	554,553	670,476	6,346,979.05
Net additions from December 31, 1924 to June 1, 1929	29,917	(282,509)	(252,592)	$42,505.35

() Denotes red figures.

[fol. 4486] CITY EXHIBIT No. 30

Nos. 6956, 6956-A

CITY OF CHARLESTON et al.

v.

PUBLIC SERVICE COMMISSION

On Appeal

Orders set aside; remanded.

Hatcher, Judge.

1. The cost of reproduction new should ordinarily not be given dominant weight in a gas plant rate valuation, although it should be considered.

2. Whether going concern value should be allowed in determining a rate base depends upon the circumstances of the case.

3. Neither allowances for going concern value nor expenditures for general overhead costs should be based on purely conventional percentages.

[fol. 4487] 4. If the leaseholds of a utility have a market value, that value is entitled to consideration for rate making purposes; but the market value alone is not controlling as the utility is subject to regulation. This fact is to be taken into consideration by the rate making body as well also as the safeguards, benefits and privileges which the public has conferred upon the utility.

5. A utility is not entitled to an arbitrary percentage of net return. What is a fair net return depends upon present day conditions. A return is ordinarily considered ample which provides a sufficient amount to pay reasonable dividends and pass something to a surplus account.

Absent, Lively, J.

[fol. 4488] HATCHER, Judge:

This hearing involves two orders entered by the Public Service Commission on August 16th and December 4, 1930. The orders were entered in an investigation by the commission of the rates charged the protestants for gas by United Fuel Gas Company. The result of the investigation is a very substantial increase in the rates. The majority of the commission (hereinafter referred to as the commission, for the sake of brevity) fixed the fair value of the utility's property as on December 31, 1928, as follows:

Production system	$15,146,352
Transmission system	17,793,598
Distribution system	3,935,193
General property	951,254
	37,826,397
Going concern value	3,171,021
	40,997,418
Leaseholds	7,914,037
Total	$48,911,455

Included in the valuation of the physical property ($37,826,397) are allowances for general overheads of 20% on the cost of labor and materials in the transmission system

and of 17% on such cost in the other three items. The going concern value is "10% of the estimated value of labor and materials in the plant depreciated, and exclusive of land and general overheads." (Statement of Commission.) The value accorded the leaseholds is their "Adjusted" book value. The commission estimated that $12,200,000 (of the $48,911,455) was the value of the utility's property appropriated to the use of consumers within the state. On the property so appropriated $109,800 was allowed for depreciation, and $506,300 for amortization. Tariff rates for [fol. 4489] consumers were then approved, which after furnishing enough revenue to pay operating expenses, including taxes, should also provide the allowances for depreciation and amortization and a net return of 8% to the utility.

The duty imposed upon the commission in cases such as this is that it shall "enter such orders as may be just and lawful." Code 1923, chapter 15-O, section 2. A like charge is given to this court upon appeal, as the statutory injunction to us differs only in words: "The court shall decide the matter in controversy as may seem to be just and right." Code, supra, section 17. Despite the obvious legislative invitation to us to become a fact finding body, we have persistently held that because the commission is "experienced in rates and familiar with the intricacies of rate making" we will ordinarily not substitute our judgment for that of the commission on controverted evidence. Town v. Gas Co., 103, W. Va. 526, 529. Our position was clearly stated in Gas Co. v. Commission, 101 W. Va., 63: "An order of the Public Service Commission fixing rates to be charged by a public service utility, within the constitutional and legislative power of the commission, will not be disturbed unless it appears that the finding of fact on which the order is based is contrary to evidence, or without evidence, or there has been misapplication of legal principles; and where there is a substantial conflict of evidence on any question of fact, the probative value accorded by the commission to such evidence will not be disturbed."

The statistician of the commission, Mr. E. V. Williamson, made a thorough investigation of the utility and re- [fol. 4490] ported that the original cost of its physical properties was $36,183,011 (not depreciated). Mr. John Jirgal, an expert accountant, engaged by the protestants, fixed that cost from the books of the utility at $37,916,873 (not

depreciated). The opinion of the majority of the commission reflects no consideration whatever of the Williamson and Jirgal reports so far as they deal with this subject. Mr. F. H. Lerch, Jr. (of Ford, Bacon & Davis, engineers) filed a valuation report on behalf of the utility, in which he estimated the cost of reproducing new the physical properties of the utility at $53,972,197, as on December 31, 1928. Of this sum, the estimate for general overhead charges was $9,847,102, and for labor and material $44,125,095, which was depreciated to $32,846,125. Mr. Lerch fixed the going value of the utility at $5,397,220 or 10% of his estimated reproduction cost new. Mr. J. Paul Blundon, an experienced engineer, filed a similar report on behalf of the protestants in which he estimated the reproduction cost new, of the same property at $42,286,901. Of this estimate $5,188,314, was for general overheads, and $37,098,587 for labor and material which he depreciated to $22,069,430. We find no estimate of going value by Mr. Blundon, but Mr. Earl L. Carter, an experienced engineer, appearing for protestants, estimated the going value at $4,500,000. The commission (as shown by its opinion) adopted the estimates of Mr. Lerch of the costs of material and labor (without general overheads) requisite to reconstruct new, the physical properties of the utility. The commission also adopted his calculation of depreciation except as to an increase of $854,804, on a certain well equipment account, to meet the decision in the Clarksburg Light & Heat Company case, P. U. R. 1928, B. 290,313. Much of the briefs of the contestants is devoted to an attack upon the qualifications and conclusions of Mr. Lerch, and to the support of Mr. Blundon. The utility responds warmly in kind, attacking Mr. Blundon and supporting Mr. Lerch. [fol. 4491] Both of these gentlemen are evidently competent and of very high standing. The wide divergencies between them may be accounted for on the supposition that, without volition, neither could be entirely "unmindful of his client's interest." Light Co. v. State (M. H.) 120 Atl. 689. Be that as it may, we would not be so inconsistent with the position stated above as to pass generally on the merits of the Lerch-Blundon controversy. Nor is it necessary to go into details, because it was improper for the commission to base the valuation of the physical properties exclusively upon reconstruction cost, new, less depreciation. "• • •

the cost of reproduction, new, less depreciation, is to be accepted merely as an element and not as the standard of value." City v. The Commission, 101, W. Va. 378, 381. "The cost of reproduction new should not be made the basis of a gas plant rate valuation, although it will be given some weight." Springfield v. Gas & Elec. Co., P. U. R. (Illinois) 1916 C 281.

The commission seems to have been led into this error partly by the belief that a similar appraisal of this utility's property by Ford, Bacon & Davis "formed the basis for the commission's findings in the 1924 rate case." This belief is not borne out by the opinion in that case. That opinion states expressly that "the use to which this physical property is put, the book cost, the historical cost estimate, the reproduction cost new, less depreciation estimates" were all considered. See P. 276, 2 P. S. C. of W. Va. And it further appears from that opinion that the estimated historical cost was much closer to the amount fixed by the commission than was any other estimate. In Bluefield Co. v. The Commissioner, 262, U. S. 279, the Supreme Court held: "In estimating the value of the property of a public ultility corporation, as a basis for rate regulation, evidence of reproduction costs, less depreciation must [fol. 4492] be given consideration." But it was not said in that case or in any other decision of the Supreme Court that evidence of reproduction costs, less depreciation, should be given even controlling much less exclusive weight. The utility's brief cites several cases which do give dominating weight to the reproduction method. But those cases refer to decisions of the Supreme Court which do not support that doctrine. See the analytical discussion thereof by Judge Rosenberry in Gas & Electric Co. v. Commission Wis.) 194 N. W. 846, 851. In the celebrated case of Smyth v. Ames, 169 U. S. 466, 546-7, decided in 1897, the Supreme Court held that the value of a utility's property should be ascertained as follows: "* * * the original cost of construction, the amount expended in permanent improvements, the amount and market value of its bonds and stocks, the present as compared with the original cost of construction, the probable earning capacity of the property under particular rates prescribed by statute, and the sum required to meet operating expenses, are all matters for consideration, and are to be given such weight as may

be just and right in each case. We do not say that there may not be other matters to be regarded in estimating the value of the property." This holding has been the subject of much criticism which is directed at a comparison of the present and original costs of construction. It leads to "wild uncertainties," said Justice Brandeis in one of his strong dissenting opinions. See S. W. Tel Co. v. Commission, 262 U. S. 276, 307; Charleston v. Commission, 95 W. Va. 91, 106-7. The Supreme Court attempted to obviate criticism by this caution: "The cost-of-production method is of service in ascertaining the present value of the plant, when it is reasonably applied and when the cost of reproducing the property may be ascertained with a proper degree of certainty. But it does not justify the acceptance of [fol. 4493] results which depend upon mere conjecture." The Minnesoto Rate cases, 230 U. S. 352, 452. And for thirty-two years, as enumerated by Alfred Evens, Professor of Law, University of Indiana, the Supreme Court has adhered to the rule in Smyth v. Ames, citing it no less than thirty times. See 16 American Bar Association Journal, 485. As further pointed out by Professor Evens, those who would construe any of these decisions as giving dominant consideration to evidence of reproduction cost, new, less depreciation, "do violence to the opinion of the court." We have found no better analysis of Smyth v. Ames than that of Mr. George W. Wickersham, special assistant to the Attorney General, in his brief in O'Fallon R. Co. v. U. S., 279 U. S. 461, 469: "The decision in that case sets up, not a formula, but a standard of evidence, holding that neither reproduction cost nor original cost is alone a criterion of value, or to be given dominant consideration, but that the rate-making body must take all elements and measures of value into consideration, and analyze and ascribe to each its proper weight in the light of the evidence of the case." Entirely concordant with the conclusion of Mr. Wickersham are expressions by this Court in Huntington v. Commission, 89 W. Va. 703, 722: "* * *, there is no exclusive method of arriving at the value of a public service plant for rate making purposes. Those charged with the duty must take into consideration every element available. There is no reason why a Public Service Commission or other authority seeking to ascertain this fact should not make its inquiry just as broad as the evidence available

will permit, just as in arriving at any other fact which is made the subject of judicial or quasi judicial inquiry." [fol. 4494] After characterizing the reproduction-cost-new-less-depreciation method as "the most unreliable of any of the methods which may be employed," the Court further said: "The cost of producing a plant originally when it can be shown is certainly entitled to consideration. * * * if the actual cost of the plant is shown with certainty, I would give to this evidence peculiar weight." We find no warrant in the instant case of ignoring the reports of actual and historical costs and no reason for giving exclusive or even dominant weight to the evidence of reproduction cost new, less depreciation. The brief of the utility makes the point that "no effort was made by the protestants to relate these original book costs to present-day values." This point is well taken. Without evidence thereon we cannot now decide this controversy, and the case must be recommitted to the commisison for evidence on that point.

Going Concern Value

It is the settled rule that going concern value is an element to be considered in arriving at the fair value of utility property. This rule had its inception in the decision of Justice Brewer, while Circuit Justice, in the case of Water Works Co. v. Kansas City, 62 Fed. 853, 865. The water company was seeking to enforce a contract against the city for the purchase of a water works system. The city contended that the value of the water works plant was the value of the pipe, machinery and real estate as put together in a complete system, irrespective of whatever the property was earning or might earn in the future. Justice Brewer held, however, that in addition to the costs of the completed [fol. 4495] property, the system had a value as an established business which was in fact earning at income—a business secured through the efforts made and the inducements offered by the Company. Following that pronouncement, going concern value was defined in Gas Co. v. Des Moines, 238 U. S. 165, as "The value of an assembled and established plant doing business and earning money over one not thus advanced." Unfortunately the definition appended no measure of this value in case of a monopolistic utility. Commissions generally have proposed no definite measure. They regard the mandate relating to this value

"just court made law," as was stated by Commissioner Pooley of the New York Public Service Commission. They treat it as compulsory, and are impatient with the concept because they cannot intelligently apply it. This has resulted in allowances which were, for the most part, purely arbitrary. One court said that these allowances varied between 7.5% and 27.9% of the cost of reproduction. Gas and Electric Co. v. Commission, 10 Fed. (2d) 252, 255. It is evident that many of these percentages can have no economic significance. The percentage basis for fixing going value is opposed by the best considered cases. See decisions cited in Telephone Co. v. Commission, 102 W. Va. 296, 300, 301. Reams have been written by commissions and courts attempting to illustrate the above definition. We have found no discussion which is specially enlightening. In fact, does the definition need illumination? It is clear that a purchaser seeking an income will pay more for a going concern, than for one not established. It is equally clear that the Supreme Court never intended to compel commissions to add to the base rate a purely speculative percent-[fol. 4496] age, under the guise of "going value". Mathematical exactness may not be possible, but that does not warrant resorting to conventional percentages. "Each case must be controlled by its own circumstances," said the court in Gas Co. v. Des Moines, supra. This expression contemplates that commissions will exercise independent judgment in each case, and will not make an allowance for going value, unless justified. "Whether going concern value should be considered in determining the base for fixing the rates of a public service corporation depends on the financial history of the corporation." Houston v. S. W. Bell Tel. Co., 259 U. S. 318. The rate heretofore charged by the instant utility has been so attractive to the public, that it is not conceivable that any appreciable effort was requisite to secure patrons. This thought was emphasized in conference by Judge Maxwell, who said: "Where a natural gas company is without competition from any other gas company and its product is in no real sense placed in competition with any other fuel, the burden of building up patronage is negligible. In such circumstances, and under conditions existing in the instant utility's regulated field of service with reference to available fuels, the only practicable requirements for the acquisition and retention of

its patronage have been reasonable rates and efficient service. There would seem to be very narrow basis of justification for going concern value in this case." When, however, a utility has paid the cost of attaching its business, and perfecting its operating organization, that cost, translated into an item of value, should be made a part of the rate base. If the public has paid for that cost through operating expenses, the cost should not be capitalized. 2 Wilcox' Whit- [fol. 4497] ten, Valuation of P. S. C. p. 1366. We are of opinion that the utility assumes the burden of demonstrating to the commission upon direct evidence when possible, a reasonable groundwork of facts from which going value can be determined. Telephone Co. v. Commission, supra, p. 304; Spring Valley v. City, 192 Fed. 137, 167. It should show advertisement and solicitation for business, education and service of the public, an efficient operating organization, and any other fact, from which going value may arise. The opinions of experts, when without foundation of fact, are entitled to little consideration. Telephone Co. v. Commission, supra, p. 304. As the percentage fixed for going value by the commission is not substantially supported by the evidence, we set it aside and advise the commission to take this item under consideration again, in the light of our observations on the subject.

General Overheads

Expenditures for overhead costs, not charged to operating expenses, should be included in the rate base. Gas Co. v. Commission, 95 W. Va. 557, 574. The commission seems to have been primarily influenced in determining the percentages for this item by the estimates of experts. These estimates are based upon a hypothetical construction of the utility property under conditions so entirely dissimilar to the conditions under which the property was actually constructed, that the estimates have little if any probative weight. We would not have the commission entirely disregard the estimates, but there is evidence of the actual cost of overheads, in some of the construction of the utility. This work was done under the highly trained and efficient [fol. 4498] organization of the utility. The cost was accurately kept and the ratio it bears to the costs of material and labor is much lower than the conjectural ratios of the

experts. Consequently we disapprove the percentages allowed by the commission for this item, and recommend consideration of the evidence of the actual as well as the evidence of the theoretical costs. See generally Springfield v. Gas & El. Co., P. U. R. 1916C 281, 337 and 342.

Leaseholds

The utility offered evidence of a market value of its leaseholds of approximately $50,000,000 which was disregarded entirely by the commission. This was error. Charleston v. Commission, 95 W. Va. 91; 1 Whitten, supra, secs. 213 and 521-5, inc. That value was placed on the leaseholds by witnesses who had in mind chiefly an unregulated use of the gas. However, the leaseholds are subject to the requirements of the public. This subjection constitutes a "genuine encumbrance" (Dr. Gray, Economist) which conceivably might impede the sale of the leaseholds on the open market. See opinion of Mr. Justice Stone in United Gas Co. v. Commission, 278 U. S. 300, 317. The witnesses did not take into consideration the far-reaching effect of this encumbrance, but for rate making purposes the encumbrance must be considered. In ascertaining such value, the commission is not restricted by artificial rules, or formulas, but must consider all relevant facts. The Minnesota Rate Cases, supra, p. 434. Therefore, in weighing the testimony of witnesses on this subject, the commission will give consideration also to the following items: (a) the delay rentals on the leaseholds paid by the public as operating expenses (Gas Co. v. Commission, 95 W. Va. 558); (b) the protection of the utility from competition within its field; (c) the assurance to the utility of a fair return; and (d) the right extended the utility to exercise eminent domain. This right was primarily conferred by the public [fol. 4499] on the utility as an incident to its service of the public. In the exercise of the right, however, the utility has also served itself. The construction of gas mains to the state lines was accomplished through the exercise of the right. About one-fourth of the gas which the utility produces is consumed by the protestants; the remaining three-fourths is transported without the state, and sold at a very attractive profit. The present high value of the leaseholds is attributable to this profit. Without eminent domain it would seem that the expense of procuring rights

of way for the utility's pipe lines would have been greatly increased if not prohibitive. Without pipe lines this gas would have no interstate markets. So the privilege of exercising eminent domain has been a dominant factor in enhancing the value of the leaseholds. That high privilege must now also be considered in favor of the public, against the utility, lest this creation of the public, the utility, become another Frankenstein. Mr. Justice Stone had this same thought in mind when he referred to "the obvious necessity" of this utility and associates securing "special privileges to enable them to distribute their product to consumers" in Pittsburgh. United Gas Co. v. Commission, supra. We find further support for these views in Groninger on Public Utility Rate Making, p. 47; "Thus is privately owned property devoted to public use safe-guarded, protected, benefited and privileged as privately owned; privately used property, is not. These safeguards and benefits, coming to public service property under regulatory laws, are of value and should be compensated for by a reasonable appraisement of such property when considered for rate-making purposes." See also 1 Whitten, supra, sec. 283.

Net Return

In fixing the rate of net return at 8% the commission was largely influenced by its impression that this percent was required by the Supreme Court. The impression is erroneous. [fol. 4500] In a number of cases 8% has been fixed or approved by the Supreme Court, but it has insisted that the percent was not arbitrary, and depended entirely upon the circumstances of each case. "There is no particular rate of compensation which must in all cases and in all parts of the country, be regarded as sufficient for capital invested in business enterprises. Such compensation must depend greatly upon circumstances and locality." Willcox v. Gas Co., 212 U. S. 19, 48. What is a fair net return must be tested primarily by present economic conditions. This period of financial stress and business depression calls for a conservative allowance; but the return should be ample to assure confidence in the financial soundness of the utility. The return should ordinarily provide a sufficient amount to pay reasonable dividends and to pass something to the surplus account. United Railways v. West, 280 U. S. 234; Bluefield Co. v. Commission, 262 U. S. 679, 692-3.

It was contended that the instant utility already has an ample reserve fund. If the commission should find this true, it is questionable whether the Supreme Court would demand that the fund be further augumented at the present time. See generally Telephone Co. v. Commission, supra, p. 303. We refer again this rate to the commisison with instructions to exercise its untrammeled discretion in the matter in the light of this discussion.

It was stated in argument by counsel for the utility that the cost of well equipment was fixed at 46% of the original cost, no matter whether the wells were new or old. We suggest that the commission review again the evidence as to the wells; and unless there is a sufficient number of old wells to offset the new wells, then the value of the equipment be adjusted in some more uniform manner.

[fol. 4501] Some dissatisfaction was expressed as to depreciation and amortization fixed by the commission. These matters depend largely upon the experience of the commission as well as upon the evidence of witnesses, and we cannot say that the commission has abused its discretion thereon. Telephone Co. v. Commission, supra. P. 302.

Complaint is made that the estimate of Mr. Lerch included property which was of no present or potential service to the public. If this complaint be well founded, the value given such property should, of course, be disregarded. City v. Fashay Co., 110 Kan. 409.

The orders in this case entered by the Commission on August 16th, and December 4, 1930, respectively, are set aside, and the case remanded.

Orders set aside; remanded.

Since writing this opinion I have given further study to the case of Board etc. v. Telephone Co., 271 U. S. 23, 32, wherein it is said, "Customers pay for service, not for the property used to render it. Their payments are not contributions to depreciation or other operating expenses or to capital of the company. By paying bills for service they do not acquire any interest, legal or equitable, in the property used for their convenience or in the funds of the company. Property paid for out of moneys received for service belongs to the company just as does that purchased out of proceeds of its bonds and stock." Under that holding, I am very doubtful of the right of the commission to consider the delay rentals charged by the utility to and paid

by the public on the question of market value of the leaseholds, except merely as supporting the right of the public to subject the leaseholds to its needs. My brethren, however, still have faith in the pronouncement of this Court thereon in Gas Co. v. Commission, 95 W. Va. 558.

STATE OF WEST VIRGINIA:

The foregoing is a true and correct copy of the opinion of the Supreme Court of Appeals in the case of City of Charleston et al. vs. Public Service Commission et al. from Original Jurisdiction, No. 6956 & 6956A, decided on *the* March 10, 1931 *day of 1931.*

Given under my hand this 25th day of March, 1931.

Wm. B. Mathews, Clerk Supreme Court of Appeals.

[fol. 4502] [Stamp:] Received Mar. 26, 1931. Turner, Calland & Summers

United Fuel Gas Company, Incorporated,
Charleston, W. Va.

Harold A. Ritz, General Counsel. B. J. Pettigrew, Attorney

March 25, 1931.

Hon. Edw. C. Turner, 16 East Broad Street, Columbus, Ohio.

MY DEAR GENERAL TURNER: In accordance with your telegraphic request, I have sent you by Special Delivery today certified copy of the Court's opinion in our rate case.

Very truly yours, Harold A. Ritz.

HAR:MR.

[fol. 4503]

CITY EXHIBIT 46

The Ohio Fuel Gas Company

Income Statement for Year Ended December 31, 1930

Operating revenues:		
Residential	$7,661,317.22	
Commercial	1,227,533.65	
Municipal and other public	162,395.90	
Industrial	3,267,969.94	
Field	56,476.20	
Wholesale—Non affiliations	1,373,301.87	
Wholesale—Affiliations	11,785,064.30	
Total operating revenues		$25,534,059.08

Operating expenses:		
Gas purchased from others	$8,280,705.56	
Purchased gas expense	112,933.47	
Production system expense	3,359,257.63	
Transmission system expense	1,735,269.22	
Distribution system expense	703,801.69	
Utilization system expense	73,420.73	
Commercial system expense	509,262.91	
Business promotion expense	194,060.98	
Administrative and other general expense	1,490,058.99	
Gas used by company & free municipal gas.	(1,236,809.41)	
Total operating expenses (Before taxes, depreciation & amortization)	$15,221,961.77	
Taxes	1,332,223.66	
Depreciation	1,918,435.73	
Amortization	114,757.09	
Total operating expenses		$18,587,378.25
Operating income available for amortization, dividends and surplus		$6,946,680.83

() Denotes red figures.

[fol. 4504]

CITY EXHIBIT 47

The Ohio Fuel Gas Company

Balance Sheet as of December 31, 1930

Assets

	Detail	Total
Fixed capital:		
Property, plant and equipment	$96,953,108.60	
Construction work in progress	317,755.86	$97,270,864.46
Current and working assets:		
Cash	$126,236.81	
Notes receivable	13,158.98	
Accounts receivable	1,112,501.80	
Marketable securities	1,107.00	
Materials and supplies	1,507,592.78	2,760,597.37
Inter-Company accounts:		
Accounts receivable		1,475,176.24
Special funds:		
Funds in escrow		58,311.39
Deferred charges:		
Prepaid accounts	$515,085.04	
Contingent assets	3,020.49	
Other deferred charges	102,555.62	
Suspense-purchasing and stores	14,276.69	
Suspense—others	51,037.05	
Deposit for matured interest	2,600.00	
Contra for indemnity bonds	1.00	688,575.89
Total assets		$102,253,525.35

Liabilities

	Detail	Total
Capital stocks:		
1,650,000 shares authorized		
488,748 Unissued and in treasury		
1,161,252 Outstanding @ $50.00 par		$58,062,600.00
Funded debt:		
5% bonds due December 1, 1931	$1,000.00	
5% bonds due October 1, 1935	1,875,400.00	1,876,400.00
Current and accrued liabilities:		
Accounts payable	$613,553.19	
Accrued taxes	1,239,977.63	
Accrued interest	73,765.86	
Other accrued liabilities	3,796.72	1,931,093.40
Inter-Company accounts:		
Loans payable	12,054,608.00	
Accounts payable	623,001.14	
Interest payable	137,577.81	12,815,186.95
Deferred liabilities:		
Consumers' service deposits	243,918.58	
Line extension deposits	283,084.45	
Contingent liabilities	7,057.81	
Suspense—automobile	1,810.05	
Suspense—others	8,075.15	
Contra for bond interest	2,600.00	
Contingent earnings pending rate decision	2,258,704.50	
Indemnity bond	1.00	2,805,251.54
Reserves:		
Depreciation	$18,973,285.92	
Amortization	2,037,861.51	
Injuries and damages	32,346.64	
Uncollectible accounts	15,133.11	21,056,627.18
Surplus		3,704,366.28
Total liabilities		$102,253,525.35

(Here follow Exhibits 50 and 50-A, side folios 4505-4506)

[fol 4505]

CITY EXHIBIT 50

The Ohio Fuel Gas Company and The Logan Gas Company

Gross Additions to Acreage from January 1, 1924 to December 31, 1929

Year ended	The Ohio Fuel Gas Company				The Logan Gas Company				Both Companies Combined			
	Operated acreage	Unoperated acreage	Total gross additions	Total amount	Operated acreage	Unoperated acreage	Total gross additions	Total amount	Operated acreage	Unoperated acreage	Total gross additions	Total amount
December 31, 1924	1,121	51,028	52,149	$58,545.78	148	77,402	77,550	$25,754.08	1,269	128,430	129,699	$84,299.86
December 31, 1925	1,341	66,669	68,010	46,992.10	.....	39,813	39,813	14,297.97	1,341	106,482	107,823	61,290.07
December 31, 1926	154	157,662	157,816	127,725.39	6,850	41,513	48,363	12,468.41	7,004	199,175	206,179	140,193,80
December 31, 1927	60,620	1,094,836	1,155,456	731,089.19	220	23,079	23,299	10,930.79	60,840	1,117,915	1,178,755	742,019.98
***December 31, 1928	22,603	336,450	359,053	1,287,403.91	28,228	4,185	32,413	4,567.50	50,831	340,635	391,466	1,291,971.41
*December 31, 1929	1,377	457,276	458,653	437,985.35	**	306	306	240.68	1,377	457,582	458,959	438,226.03
Total gross additions	87,216	2,163,921	2,251,137	$2,689,741.72	35,446	186,298	221,744	$68,259.43	122,662	2,350,219	2,472,881	$2,758,001.15

* Excluding acreage purchased from The Logan Gas Company June 1, 1929.
** To June 1, 1929.
*** Purchased during year { A 9,744 18,713 28,457 $880,445.31 = $30.94 per acre.
B 328 379 707 39,460.45 = 55.81 per acre.

[fol. 4506]

CITY EXHIBIT 50-A

The Ohio Fuel Gas Company and the Logan Gas Company

Supplement to City Exhibit #50 Showing Additions, Transfers and Abandonment of Acreage from January 1, 1924, to December 31, 1929

Year ended	The Ohio Fuel Gas Company				The Logan Gas Company				Both companies—Combined			
	Operated acreage		Unoperated acreage		Operated acreage		Unoperated acreage		Operated acreage		Unoperated acreage	
	Additions	Transfers & abandonments	Additions	Transfers & abandonments	Additions	Transfers & abandonments	Additions	Transfers & abandonments	Additions	Transfers & abandonments	Additions	Transfers & abandonments
December 31, 1924	1,121	(6,320)	51,028	(154,227)	148	(13,856)	77,402	(177,541)	1,269	(20,176)	123,430	(331,765)
December 31, 1925	1,341	(2,527)	66,669	(77,179)	.....	(5,119)	39,813	(91,133)	1,341	(7,646)	106,482	(168,312)
December 31, 1926	154	(A)2,568	157,662	(58,955)	6,850	(1,322)	41,513	(79,861)	7,004	1,246	199,175	(138,816)
December 31, 1927	60,620	(12,022)	1,094,836	(150,356)	220	(A)1,037	23,079	(36,871)	60,840	(10,985)	1,117,915	(187,227)
December 31, 1928	22,603	(A)5,071	336,450	(241,943)	28,228	(247)	4,185	(164,146)	50,831	4,524	340,635	(406,089)
December 31, 1929	(B)1,822	(A)23,590	(B)460,465	(113,667)	.....	(A)270	306	(19,394)	1,822	23,860	460,771	(133,061)
Total	86,661	10,360	2,167,110	(796,327)	35,446	(19,237)	186,298	(568,946)	123,107	(8,877)	2,353,408	(1,365,273)

(A) Due to transfers from unoperated to operated acreage. More acreage being transferred than was abandoned.
(B) Includes 445 operated acres and 3,189 unoperated acres. Acquired by purchase of the Pittsfield Gas Company. Not included in City Exhibit #50.
( ) Denotes red figures.

[fol. 4507]

CITY EXHIBIT 60

The Columbus Gas and Fuel Company

Valuation as of December 31, 1929

Property for Service Within the City of Columbus
Collation

Company's Reproduction Cost and Allensworth's Reproduction Cost

	Company's reproduction cost	Allensworth's reproduction cost	Difference
Distribution system property:			
228 Land:			
Regulator & measuring station land in use	$23,150	$23,150	.....
Proposed regulator land	400	.....	$400
Holder station land	18,700	.....	18,700
Total	42,250	23,150	19,100
230 Rights of way	5,072	5,072	.....
231 District regulator structures	10,847	10,698	149
232 Other distribution system structures:			
Measuring stations	14,959	14,868	91
Holder station	3,207	.....	3,207
Total	18,166	14,868	3,298
233 Gas receivers & district regulators:			
District regulators	31,311	31,300	11
Gas holder	155,000	.....	155,000
Gas holder appurtenant equipment	31,828	.....	31,828
Total	218,139	31,300	186,839
234 Distribution line equipment:			
Mains	2,835,632	2,431,236	404,396
Collar leak clamps	99,543	.....	99,543
Paving over mains	100,265	81,249	19,016
Total	3,035,440	2,512,485	522,955
235 Service line equipment:			
Services	594,753	505,500	89,253
Paving over services	.....	16,402	(16,402)
Total	594,753	521,902	72,851
236–237 Meters & meter installations	458,902	449,011	9,891
238 House regulators	16,957	16,957	.....
239 Other distribution equipment	18,017	18,990	(973)
Total distribution property	$4,418,543	$3,604,433	$814,110
[fol. 4508] Total distribution property	$4,418,543	$3,604,433	$814,110

General property:			
245 Other general land	52,380	52,380	.....
248 Other general structures	102,153	102,153	.....
249 General office equipment	33,902	33,902	.....
251–256 General shop equipment, tools & implements	18,684	18,684	.....
253 General garage equipment:			
Appliances & equipment	6,942	6,942	.....
Autos, trucks, etc.	44,255	44,255	.....
Total	51,197	51,197	.....
Total general property	258,316	258,316	.....
Total distribution & general property	4,676,859	3,862,749	814,110
Undistributed construction expenditures:			
Engineering & supervision	205,972	184,226	21,746
General & legal expense	114,429	36,845	77,584
Omissions & contingencies	.....	110,535	(110,535)
Taxes during construction	91,543	3,021	88,522
Interest during construction	274,629	225,905	48,724
Undistributed construction expense on land & right of way	9,970	Included	9,970
Total undistributed construction expenditures	696,543	560,532	136,011
Total reproduction cost new including undistributed construction expenditures	5,373,402	4,423,281	950,121
Going concern value	537,340	.....	537,340
Working capital including allowance for material & supplies	226,000	80,000	146,000
Total	$6,136,742	$4,503,281	$1,633,461

[fol. 4509] CITY EXHIBIT 66

The Columbus Gas and Fuel Company

December 31, 1929

Labor Performance Data—H. R. Allensworth

Distribution Mains

Laying and Jointing

6" Cast Iron B & S Pipe

Labor:		Cost per day
1 Strawboss	@ 55¢ per hour	$4.95
2 Pipemen	@ 40¢ " "	7.20
1 Caulker	@ 50¢ " "	4.50
1 Yarner	@ 45¢ " "	4.05
1 Lead man	@ 45¢ " "	4.05
Total cost per day		24.75

The above gang will lay and joint 411 feet per day at a cost per foot of $.06022.

[fol. 4510] 8" and 10" Cast Iron B & S Pipe

Labor:		Cost per day
1 Strawboss	@ 55¢ per hour	$4.95
4 Pipemen	@ 40¢ " "	14.40
1 Caulker	@ 50¢ " "	4.50
1 Yarner	@ 45¢ " "	4.05
1 Leadman	@ 45¢ " "	4.05
Total cost per day		31.95

The above gang will lay and joint 402 feet of 8" pipe per day at a cost per foot of $.07948.

The above gang will lay and joint 302 feet of 10" pipe per day at a cost per foot of $.10579.

[fol. 4511] 12" and 16" Cast Iron B & S Pipe

Labor:		Cost per day
1 Strawboss	@ 55¢ per hour	$4.95
6 Pipemen	@ 40¢ " "	21.60
1 Caulker	@ 50¢ " "	4.50
1 Yarner	@ 45¢ " "	4.05
1 Leadman	@ 45¢ " "	4.05
Total cost per day		39.15

The above gang will lay and joint 280 feet of 12″ pipe per day at a cost of $.13982.

The above gang will lay and joint 177 feet of 16″ pipe per day at a cost of $.22119.

[fol. 4512] 20″ Cast Iron B & S Pipe

Labor:		Cost per day
1 Strawboss	@ 55¢ per hour	$4.95
6 Pipemen	@ 40¢ " "	21.60
2 Caulkers	@ 50¢ " "	9.00
2 Yarners	@ 45¢ " "	8.10
1 Leadman	@ 45¢ " "	4.05
Total cost per day		$47.70

The above gang will lay and joint 155 feet per day at a cost per foot of $.30774.

[fol. 4513] 24″ Cast Iron B & S Pipe

Labor:		Cost per day
1 Strawboss	@ 55¢ per hour	$4.95
8 Pipemen	@ 40¢ " "	28.80
2 Caulkers	@ 50¢ " "	9.00
2 Yarners	@ 45¢ " "	8.10
1 Leadman	@ 45¢ " "	4.05
Total cost per day		$54.90

The above gang will lay and joint 142 feet per day at a cost per foot of $.38662.

[fol. 4514]

Wrought Iron and Wrought Steel Pipe—Threaded and Coupled 6″ and Smaller

Labor:		Cost per day
1 Strawboss	@ 55¢ per hour	$4.95
2 Layers	@ 40¢ " "	7.20
2 Jointers	@ 40¢ " "	7.20
Total cost per day		$19.35

Size	Daily performance lineal feet	Cost per lineal foot @ $19.35 per day
1"	2,625	$.00737
1¼"	2,173	.00891
1½"	1,871	.01034
2"	1,404	.01378
2½"	1,085	.01783
3"	860	.02250
4"	634	.03052
6"	397	.04784

[fol. 4515]

8" Wrought Iron and Wrought Steel—Threaded and Coupled

Labor:		Cost per day
1 Strawboss	@ 55¢ per hour	$4.95
4 Layers	@ 40¢ " "	14.40
3 Jointers	@ 40¢ " "	10.80
Total cost per day		$30.15

The above gang will lay and joint 423 feet per day at a cost per foot of $.07128.

[fol. 4516]

10" Wrought Iron and Wrought Steel Pipe—Threaded and Coupled

Labor:		Cost per day
1 Strawboss	@ 55¢ per hour	4.95
6 Layers	@ 40¢ " "	21.60
4 Jointers	@ 40¢ " "	14.40
Total cost per day		$40.95

The above gang will lay and joint 411 feet per day at a cost per foot of $.09964.

[fol. 4517]

12″ Wrought Iron and Wrought Steel Pipe—Threaded and Coupled

Labor:		Cost per day
1 Strawboss	@ 55¢ per hour	$4.95
8 Layers	@ 40¢ " "	28.80
5 Jointers	@ 40¢ " "	18.00
Total cost per day		$51.75

The above gang will lay and joint 361 feet per day at a cost per foot of $.14335.

[fol. 4518]

6″ Wrought Iron and Wrought Steel Pipe—Plain End

Labor:		Cost per day
1 Strawboss	@ 55¢ per hour	$4.95
2 Layers	@ 40¢ " "	7.20
2 Jointers	@ 40¢ " "	7.20
Total cost per day		$19.35

The above gang will lay and joint 408 feet per day at a cost per foot of $.04743.

[fol. 4519]

8″ Wrought Iron and Wrought Steel Pipe—Plain End

Labor:		Cost per day
1 Strawboss	@ 55¢ per hour	$4.95
4 Layers	@ 40¢ " "	14.40
3 Jointers	@ 40¢ " "	10.80
Total cost per day		$30.15

The above gang will lay and joint 437 feet per day at a cost per foot of $.06899.

[fol. 4520]

10″ Wrought Iron and Wrought Steel Pipe—Plain End

Labor:		Cost per day
1 Strawboss	@ 55¢ per hour	$4.95
6 layers	@ 40¢ " "	21.60
4 Jointers	@ 40¢ " "	14.40
Total cost per day		$40.95

The above gang will lay and joint 425 feet per day at a cost per foot of $.09635.

[fol. 4521]

12″ and 16″ Wrought Iron and Wrought Steel Pipe—Plain End

Labor:		Cost per day
1 Strawboss	@ 55¢ per hour	$4.95
8 Layers	@ 40¢ " "	28.80
5 Jointers	@ 40¢ " "	18.00
Total cost per day		$51.75

The above gang will lay and joint 376 feet of 12″ pipe per day at a cost per foot of $.13763.

The above gang will lay and join 258 feet of 16″ pipe per day at a cost per foot of $.20058.

[fol. 4522] CITY EXHIBIT 69

The Columbus Gas and Fuel Company

Income Statement—Calendar Year 1929

Natural Gas Distributed Within the City of Columbus

Adjusted to Cycle from Dec. 17, 1928, to Dec. 16, 1929, Both Inclusive

Natural gas distributed (m. c. f.)		5,671,639
Gross revenue:		
Gas revenue		$2,774,755.97
Miscellaneous, shop & other revenue		4,566.35
Total		2,779,322.32
Gas purchased for resale 5,955,221 m. c. f. @ 31.2¢		1,858,028.95
Gas purchased expense	$1,078.32	
Distribution expense	130,322.91	
Utilization expense	28,865.93	
Commercial expense	108,798.99	
New business expense	23,761.85	
General expense	101,906.07	
Gas used in operation	(1,801.44)	
Miscellaneous, shop & other expense	(6,365.29)	
Depreciation on gen'l garage equipment	(8,838.47)	
Total exclusive of gas purchased		377,728.87
Operating expense including cost of gas purchased		2,235,757.82
Depreciation expense		97,533.50
Taxes:		
Real & personal property tax	87,691.95	
Excise tax	37,520.85	
Public utility commission maintenance tax	1,424.69	
Miscellaneous—(auto licenses)	1,872.57	
Federal income tax	26,552.60	
Total taxes		155,062.66
Total expense including depreciation and taxes		2,488,353.98
Net income available for return on investment		$290,968.34

[fol. 4523] CITY EXHIBIT No. 102

United Fuel Gas Company

Statement Showing Net Book Additions to Fixed Capital Accounts for Two Years Ending December 31, 1930

	Year ending Dec. 31, 1929	Year ending Dec. 31, 1930
Production	3,422,187	1,778,407
Transmission	952,673	330,765
Distribution	360,736	141,466
General property	51,281	22,416
Leaseholds	652,654	1,064,126
Total	5,439,171	3,337,180

CITY EXHIBIT 108

United Fuel Gas Company and Warfield Natural Gas Company

Adjusted Income Statements for Years 1928 to 1930, Inclusive

	Year 1928	Year 1929	Twelve-month period ending June 30, 1930	Year 1930
Operating revenues:				
Gas sales:				
Retail—				
Domestic	$2,455,138.87	$2,703,941.24	$3,105,893.84	$3,147,370.08
Churches, schools & public buildings	94,757.34	103,400.14	116,569.88	118,528.63
Industrial	894,834.98	844,044.34	871,611.36	881,695.91
Field	145,304.77	28,788.97	26,604.55	24,504.80
Total retail sales	$3,590,035.96	$3,680,174.69	$4,120,679.63	$4,172,099.42
Wholesale	9,571,099.76	10,253,345.38	9,866,720.08	9,362,537.52
Total gas sales	$13,161,135.72	$13,933,520.07	$13,987,399.71	$13,534,636.94
Pittsburgh & W. Va. Gas Co. transportation charges	620,175.31	698,543.93	744,614.00	739,845.85
Other operating revenues	69,162.39	82,928.09	80,511.49	83,828.16
Total operating revenue	$13,850,473.42	$14,714,992.09	$14,812,525.20	$14,358,310.95
One-half net gasoline earnings	644,587.22	699,235.95	569,099.67	383,143.40
Total earnings	$14,495,060.64	$15,414,228.04	$15,381,624.87	$14,741,454.35
Operating expenses:				
Production	$1,959,036.13	$2,115,740.08	$2,271,135.75	$2,499,549.85
Gas purchased	1,850,640.37	1,916,517.76	1,994,593.45	1,985,400.37
Transmission	917,673.26	1,159,374.37	1,128,830.76	1,095,380.54
Distribution	213,190.32	220,535.12	287,035.43	299,310.65
Utilization	8,372.91	5,919.30	3,259.04	1,769.02
Commercial	152,133.85	169,679.37	165,919.81	161,391.43
New business	27,412.84	31,676.92	25,745.60	31,953.71
General	654,945.09	663,142.79	680,559.02	673,632.45
Taxes	1,060,339.01	968,765.39	1,032,426.74	1,096,088.08
Interdepartmental	(240,732.00)	(415,163.66)	(427,451.85)	(396,902.91)
Total operating expenses	$6,603,011.78	$6,836,187.44	$7,162,053.75	$7,447,573.19
Net earnings available for depreciation and depletion and return on investment	$7,892,048.86	$8,578,040.60	$8,219,571.12	$7,293,881.16

( ) Denotes red figures.

[fol. 4525]

United Fuel Gas Company and Warfield Natural Gas Company

Consolidated Statement of Operating Expenses, Per Books, Years 1928 to 1930, Inclusive

Line No.		Year 1928 (Williamson consolidated report, page 68)	Year 1929	Twelve-month Period ending June 30, 1930	Year 1930	Line No.
1	Production:					1
2	Operation:					2
3	Superintendence	$45,229.35	$51,913.37	$47,520.09	$45,345.08	3
4	Gas well and field line labor	141,898.85	153,222.65	161,402.60	165,046.81	4
5	Field measuring station labor	6,398.47	14,036.05	18,821.36	21,687.66	5
6	Other production labor	12,649.45	11,401.90	15,895.59	17,955.66	6
7	Land and map department labor	64,161.61	76,205.13	89,574.84	97,203.84	7
8	Superintendence supplies and expenses	17,606.86	20,793.09	16,221.73	14,238.80	8
9	Gas well & field line supplies & expenses	29,835.81	33,031.06	38,428.80	40,667.66	9
10	Field measuring station supplies & expenses	841.32	1,930.42	2,292.67	2,522.71	10
11	Production system rents	334.62	2,446.20	1,914.19	1,611.60	11
12	Other production system supplies & expenses	2,870.27	8,014.16	10,357.06	12,192.24	12
13	Land & map department supplies & expenses	28,229.15	40,433.53	49,007.96	57,807.31	13
14	Gas well royalties	383,819.54	452,319.64	490,336.83	513,377.62	14
15	Rental on unoperated leases	1,114,786.08	1,241,079.75	1,340,599.11	1,226,621.75	15
16						16
17	Total operation	$1,848,752.38	$2,106,826.95	$2,282,372.83	$2,216,278.68	17
18						18

19	Maintenance:					19
20	Production system structures	$3,247.21	$3,260.69	$2,589.79	$1,589.06	20
21	Gas wells	131,133.89	125,028.23	101,944.33	95,938.65	21
22	Field lines	39,754.05	41,082.66	56,359.62	78,729.88	22
23	Abandoning wells & changing field lines	17,994.92	4,719.17	4,691.42	4,225.50	23
24	Field measuring station equipment	263.83	432.54	947.72	2,627.16	24
25	Cleaning equipment	11,894.02	8,744.01	10,848.67	6,516.60	25
26	Other production system equipment	313.88	389.83	137.37	.32	26
27						27
28	Total maintenance	$204,601.80	$183,657.13	$177,518.92	$189,627.17	28
29						29
30	Total production	$2,053,354.18	$2,290,484.08	$2,459,891.75	$2,405,905.85	30
31	Gas purchased for resale:					31
32	From affiliated companies	$106,305.48	$44,281.80	$5,125.44	$31,330.08	32
33	From others	1,820,474.22	1,803,747.09	1,914,786.69	1,875,179.28	33
34	Gas purchased expense—labor	53,804.53	55,440.46	59,611.04	61,575.69	34
35	Gas purchased expense—supplies & expenses	13,432.34	9,088.14	9,119.83	10,288.19	35
36	Purchased gas station maintenance	4,552.36	3,960.27	5,950.45	7,027.13	36
37						37
38	Total gas purchased for resale	$1,998,568.93	$1,916,517.76	$1,994,593.45	$1,985,400.37	38

[fol. 4526] United Fuel Gas Company and Warfield Natural Gas Company

Consolidated Statement of Operating Expenses, Per Books, Years 1928 to 1930, Inclusive—(Continued)

Line No.		Year 1928 (Williamson consolidated report, Pages 64 & 65)	Year 1929	Twelve-month Period ending June 30, 1930	Year 1930	Line No.
1	Transmission:					1
2	Operation:					2
3	Superintendence	$8,755.41	$13,817.00	$13,183.78	$9,748.51	3
4	*Compressor station—superintendence	12,982.34	20,192.23	20,693.33	23,104.23	4
5	*Compressor station—labor	261,635.41	264,409.26	266,315.00	264,511.89	5
6	Measuring station—labor	17,684.92	19,360.57	19,279.43	20,191.51	6
7	Transmission line—labor	40,625.72	41,924.53	37,737.77	40,201.86	7
8	Other transmission system—labor	19.22	4,749.86	6,323.08	2,423.33	8
9	*Superintendence sups. & exps.—compr. sta.	.....	2,852.18	5,059.37	5,917.66	9
10	Superintendence sups. & expenses	1,568.00	869.41	1,470.17	1,917.41	10
11	*Compressor sta. sups. & exps.	260,747.19	394,363.57	364,157.96	354,094.01	11
12	Measuring station supplies & expenses	3,052.56	2,974.87	2,854.69	2,702.19	12
13	Transmission line supplies & expenses	1,906.52	4,001.56	3,182.37	3,030.78	13
14	Transmission system rents	39,700.70	156,089.25	144,397.68	161,015.29	14
15	Other transmission system sups. & exps.	5.50	1,459.96	1,932.45	1,515.78	15
16						16
17	Total operation	$658,683.49	$927,064.07	$886,587.08	$890,374.54	17
18						18
19	Maintenance:					19
20	*Compressor station structures	$7,873.16	$12,654.64	$14,607.93	$12,247.35	20
21	Other transmission system structures	241.51	483.56	510.54	258.25	21

22	*Compressor station equipment	168,585.30	141,890.89	148,154.29	134,608.33	22
23	Transmission lines	67,926.98	71,594.30	72,850.69	52,624.17	23
24	Changing transmission lines	13,177.00	4,807.42	4,929.34	4,101.62	24
25	Measuring station equipment	1,185.82	879.49	1,190.89	1,166.28	25
26						26
27	Total maintenance	$258,989.77	$232,310.30	$242,243.68	$205,066.00	27
28						28
29	Total transmission	$917,673.26	$1,159,374.37	$1,128,830.76	$1,095,380.54	29
30						30
31	# Distribution:					31
32	Operation:					32
33	Superintendence	$13,473.37	$18,024.86	$22,136.07	$21,982.62	33
34	Distribution line—labor	29,775.61	21,618.71	22,394.01	22,670.20	34
35	Removing and resetting meters & hse. reg.—labor	29,346.49	36,700.64	40,778.94	44,328.80	35
36	Inspecting & testing meters & hse. reg.—labor	2,313.64	738.25	3,372.75	4,810.74	36
37	Other distribution system—labor	3,179.54	16,936.52	26,771.69	20,229.13	37
38	Superintendence supplies and expenses	669.01	2,143.21	2,960.91	3,242.46	38
39	Distribution line supplies and expenses	11,608.57	9,494.94	9,866.91	11,232.47	39
40	Meter department supplies and expenses	7,563.98	2,446.95	3,417.68	6,053.22	40
41	Distribution system rent	5,205.58	3,343.27	3,512.23	3,617.07	41
42	Other distribution system supplies & expenses	350.53	3,066.84	11,683.13	11,292.73	42
43						43
44	Total operation	$103,486.32	$114,514.19	$146,894.32	$149,459.44	44

* See pages 14, 15, 16 and 17 for detail.
# See pages 18, 19, 20 and 21 for detail.

[fol. 4527] United Fuel Gas Company and Warfield Natural Gas Company

Consolidated Statement of Operating Expenses, Per Books, Years 1928 to 1930, Inclusive—(Continued)

Line No.		Year 1928 (Williamson consolidated report Pages 65 & 66)	Year 1929	Twelve-month Period ending June 30, 1930	Year 1930	Line No.
1						1
2						2
3	Maintenance:					3
4	Distribution system structures	$4,634.16	$2,768.82	$4,498.70	$5,773.12	4
5	Distribution lines	21,169.68	37,433.31	59,366.80	56,112.25	5
6	Changing distribution lines	29,606.25	8,173.48	8,184.03	5,686.72	6
7	Service lines	18,178.94	23,614.59	31,895.49	34,425.77	7
8	Meters	28,900.81	28,990.86	31,588.41	40,833.36	8
9	House regulators	18.68				9
10	Gas receivers and district regulators	6,861.88	5,020.95	4,588.76	6,779.11	10
11	Other distribution equipment	9.75	18.92	18.92	240.88	11
12						12
13	Total maintenance	$109,380.15	$106,020.93	$140,141.11	$149,851.21	13
14						14
15	Total distribution	$212,866.47	$220,535.12	$287,035.43	$299,310.65	15
16						16
17	*Utilization:					17
18	Operation:					18
19	Consumers' premises—labor	$7,576.17	$5,476.48	$2,864.77	$1,468.60	19
20	Consumers' premises—sups. & exps	796.74	442.82	394.27	300.42	20
21						21
22	Total utilization	$8,372.91	$5,919.30	$3,259.04	$1,769.02	22
23						23

24	*Commercial:					24
25	Meter reading salaries	$28,925.15	$35,136.64	$35,279.28	$34,603.11	25
26	Collections salaries	35,130.35	39,788.41	36,974.28	31,463.94	26
27	Contract office salaries	7,937.06	9,513.11	7,927.77	6,732.18	27
28	Customers' accounts salaries	49,349.65	45,448.73	37,849.92	30,320.56	28
29	Delivering bills salaries	6,359.94	7,122.44	7,377.68	7,734.73	29
30	Meter reading supplies and expenses	2,854.73	6,250.02	5,567.80	4,186.56	30
31	Collections supplies and expenses	2,969.78	2,791.76	2,991.63	3,516.18	31
32	Contract office supplies and expenses	3,477.80	473.34	388.08	157.51	32
33	Customers' accounts supplies & expenses	14,378.67	22,930.25	18,577.58	11,900.93	33
34	Delivering bills supplies and expenses	72 35	224.67	250.07	397.50	34
35	General	.....	.....	12,735.72	30,378.23	35
36						36
37	Total commercial	$151,456.48	$169,679.37	$165,919.81	$161,391.43	37
38						38
39	New business:					39
40	Business promotion—salaries	$2,477.87	$1,309.12	$95.58	$4,014.52	40
41	Business promotion—sups. & exps	3,013.30	1,492.13	617.63	1,141.88	41
42	Advertising—salaries	1,905.99	5,170.02	7,046.10	5,542.08	42
43	Advertising—supplies and expenses	20,007.56	23,705.65	17,986.29	21,255.23	43
44						44
45	Total new business	$27,404.72	$31,676.92	$25,745.60	$31,953.71	45

*See pages 18, 19, 20 and 21 for detail.

[fol. 4528] United Fuel Gas Company and Warfield Natural Gas Company

Consolidated Statement of Operating Expenses, Per Books, Years 1928 to 1930, Inclusive—(Continued)

Line No.		Year 1928 (Williamson consolidated report, page 67	Year 1929	Twelve-month Period ending June 30, 1930	Year 1930	Line No.
1	General:					1
2	Salaries of general officers	$25,077.43	$13,648.39	$13,285.00	$11,995.00	2
3	Operating and engineering service fee	349,103.64	319,913.20	315,853.18	299,748.34	3
4	Salaries of general office clerks	85,195.66	83,966.01	83,660.62	82,116.27	4
5	General office stationery and printing	7,287.61	2,496.90	6,831.33	7,481.89	5
6	Other general office supplies	3,367.36	17,522.32	12,496.67	7,578.02	6
7	General officers' expenses	8,006.52	8,576.80	6,613.70	5,208.83	7
8	General office clerks' expenses	2,761.83	4,979.38	3,166.99	2,126.94	8
9	General law expenses	53,851.25	61,618.49	59,997.88	62,041.17	9
10	General office rent	86.00	7,044.00	9,348.62	12,091.12	10
11	Other general office expenses	35,591.33	73,431.36	76,070.71	82,111.92	11
12	Maintenance of general office structures	7,691.50	4,332.68	3,289.10	2,257.01	12
13	Maintenance of general office equipment	1,827.15	311.41	228.77	318.74	13
14	Telephone and telegraph system labor	16,445.06	11,069.79	10,232.91	9,424.31	14
15	Telephone and telegraph system sups. & exps	2,996.72	1,891.45	2,077.28	2,331.51	15
16	Natural gas franchise requirements	1,109.74	2,863.15	3,089.45	3,027.13	16
17	Uncollectible consumers' accounts	5,788.57	13,582.97	26,505.86	31,328.18	17
18	Free municipal gas service	(1,099.50)	(2,863.15)	(3,089.45)	(3,027.13)	18

Insurance	23,292.15	23,111.50	25,078.10	35,020.46	
Damages	31,216.90	42,010.10	45,700.00	46,900.00	
Relief and annuities	7,739.40	12,602.06	9,474.49	10,258.62	
Public regulation	1.70	72,884.78	115,362.25	131,774.00	
Miscellaneous	56,857.05	33,043.57	29,556.04	25,059.40	
Employees' group insurance	9,898.30	10,696.69	12,341.39	10,114.34	
Inventory adjustments	(4,196.17)	6,627.45	11,277.83	6,665.88	
Maintenance of other general structures	7.88				
Maintenance of telephone & telegraph system	31,949.24	20,622.87	25,399.14	21,328.57	
Total general	$761,854.32	$845,984.17	$903,847.86	$905,280.62	
Taxes	$1,278,018.48	$996,266.44	$1,028,408.92	$1,102,699.33	
Interdepartmental:					
Gas used in company operations	$(235,310.71)	$(415,163.66)	$(427,451.85)	$(396,902.91)	
Rents and repairs to buildings	106.06				
Total interdepartmental	$(235,204.65)	$(415,163.66)	$(427,451.85)	$(396,902.91)	
Total operating expenses	$7,174,365.10	$7,221,273.87	$7,579,080.77	$7,592,188.61	

( ) Denotes red figures.

(Here follow tables, side folios 4529–4531)

(Here follows tables, side folios 4529-4531)

[fol. 4529]

United Fuel Gas Company and Warfield Natural Gas Company

Statement Showing Retail Sales, by Divisions, Years 1928 to 1930, Inclusive

Line No.		Twelve-month period ending June 30, 1928			1929			1930			1930	
		M. cu. ft.	Average price	Amount	M. cu. ft.	Average price	Amount	M. cu. ft.	Average price	Amount	M. cu. ft.	Average price
1	West Virginia:											
2	Huntington—											
3	Domestic	2,052,177	¢21.35	$438,232.50	1,795,954	¢24.52	$440,327.04	1,705,513	¢31.40	$536,151.82	1,642,236	¢31.52
4	Residential				276,162	24.71	68,675.25	271,676	31.13	84,565.35	262,791	27.42
5	Commercial				33,255	21.95	7,299.30	124,150	22.51	27,945.08	178,361	22.51
6	Industrial	16,805	20.31	3,412.89	98,454	22.64	22,288.19	100,609	24.57	24,719.92	103,296	24.12
7	Municipal and other	94,001	21.04	19,773.76								
8	Total Huntington	2,162,983	$21.33	$461,419.15	2,203,825	¢24.44	$538,589.78	2,201,948	¢30.58	$673,382.17	2,186,684	¢30.40
9												
10												
11	Sundry Huntington—											
12	Domestic	699,954	$25.02	$175,110.67	515,282	¢29.02	$149,799.74	428,552	¢34.99	$149,939.49	459,240	¢35.72
13	Residential				210,929	27.60	58,224.27	203,995	33.26	67,854.39	204,103	33.50
14	Commercial	82,339	19.14	15,761.85	120,641	21.49	25,924.84	161,611	22.57	36,482.16	150,023	22.67
15	Industrial	22,188	24.81	5,505.35	24,163	26.16	6,320.82	23,632	29.08	6,873.33	23,869	29.50
16	Municipal and other											
17												
18	Total Sdry. Huntington	804,481	¢24.41	$196,377.87	872,015	¢27.55	$240,269.67	817,790	¢31.93	$261,149.37	887,235	¢32.66
19												
20	Williamson—											
21	Domestic	309,193	¢25.59	$79,135.55	207,4[illegible]	¢28.62	$59,373.72	192,362	¢35.44	$68,170.59	191,352	¢35.84
22	Residential				97,6[illegible]	28.05	27,387.73	107,236	32.67	35,034.32	100,301	33.59
23	Commercial				17,095	18.77	3,208.77	6,932	21.57	1,495.20	7,831	22.50
24	Industrial	20,824	17.64	3,674.13	17,583	25.91	4,555.28	16,619	22.60	4,418.85	16,642	26.43
25	Municipal and other	15,03[illegible]	25.14	3,780.01								
26												
27	Total Williamson	345,054	¢25.09	$86,589.69	339,743	¢27.82	$94,525.50	323,149	¢33.77	$109,118.96	316,126	¢34.30
28												
29	Spencer—											
30	Domestic	250,129	¢21.86	$54,685.27	191,032	¢25.05	$47,850.93	178,870	¢31.62	$56,557.63	175,356	¢32.07
31	Residential				53,970	25.65	13,845.75	49,628	32.07	15,917.93	46,777	32.74
32	Commercial				25,823	15.99	4,129.44	2,568	22.88	587.64	3,891	22.78
33	Industrial	39,794	15.46	6,153.15	16,908	24.06	4,067.76	17,493	26.88	4,701.39	17,680	26.77
34	Municipal and other	17,596	23.22	4,086.60								
35												
36	Total Spencer	307,519	¢21.11	$64,925.02	287,733	¢24.28	$69,893.88	248,559	¢31.29	$77,764.59	243,704	¢31.66
37												
38	Sundry Spencer—											
39	Domestic	65,426	¢23.18	$15,167.84	52,999	¢26.62	$14,105.94	48,513	¢32.57	$15,802.35	46,268	¢33.17
40	Residential				14,809	27.37	4,053.65	13,158	32.67	4,298.62	12,940	33.46
41	Commercial				2,045	25.97	531.12	2,052	30.00	615.78	1,825	30.09
42	Municipal and other	1,696	23.54	399.29	22,697	10.00	2,269.50	17,983	14.32	2,575.75	10,493	19.96
43	Field operations	6,403	10.00	640.25								
44												
45	Total Sdry. Spencer	73,525	¢22.04	$16,207.38	92,550	¢22.65	$20,960.21	81,706	¢28.51	$23,292.50	71,519	¢31.21
46												
[fol. 4530]												
2	Charleston—											
3	Domestic	3,431,981	¢20.53	$704,736.31	2,581,078	¢23.91	$617,216.38	2,457,557	¢30.71	$754,664.49	2,475,850	¢30.9[illegible]
4	Residential				900,405	23.55	212,061.20	925,540	28.66	265,220.21	934,426	28.7[illegible]
5	Commercial	1,374,947	18.09	248,775.69	1,648,140	20.17	332,467.00	1,432,677	22.50	322,357.82	1,262,316	22.5[illegible]
6	Industrial	148,449	20.12	29,861.12	155,870	21.96	34,230.87	155,535	25.59	39,803.96	154,754	25.7[illegible]
7	Municipal and other											
8												
9	Total Charleston	4,955,377	¢19.84	$983,373.12	5,285,493	¢22.63	$1,195,975.45	4,971,309	¢27.80	$1,382,046.48	4,827,346	¢28.1[illegible]
10												
11	Sundry Charleston—											
12	Domestic	288,762	¢23.46	$66,754.95	270,326	¢25.17	$68,032.44	499,126	¢30.44	$151,923.83	672,053	¢30.7[illegible]
						[illegible]	[illegible]	49,514	30.02	14,865.86	62,853	30.[illegible]

3052A

United Fuel Gas Company and Warfield Natural Gas Company

Statement Showing Retail Sales, by Divisions, Years 1928 to 1930, Inclusive

1928			1929			Twelve-month period ending June 30, 1930			1930			Line No.
M. cu. ft.	Average price	Amount	M. cu. ft.	Average price	Amount	M. cu. ft.	Average price	Amount	M. cu. ft.	Average price	Amount	
												1
												2
2,052,177	¢21.35	$438,232.50										3
			1,795,954	¢24.52	$440,327.04	1,705,513	¢31.40	$536,151.82	1,642,236	¢31.52	$517,587.66	4
			276,162	24.71	68,675.25	271,676	31.13	84,565.35	262,791	27.42	82,050.51	5
16,805	20.31	3,412.89	33,255	21.95	7,299.30	124,150	22.51	27,945.08	178,361	22.51	40,152.58	6
94,001	21.04	19,773.76	98,454	22.64	22,288.19	100,609	24.57	24,719.92	103,296	24.12	24,917.34	7
												8
2,162,983	$21.33	$461,419.15	2,203,825	¢24.44	$538,589.78	2,201,948	¢30.58	$673,382.17	2,186,684	¢30.40	$664,708.09	9
												10
												11
												12
699,954	$25.02	$175,110.67										13
			516,282	¢29.02	$149,799.74	428,552	¢34.99	$149,939.49	459,240	¢35.72	$164,049.16	14
			210,929	27.60	58,224.27	203,995	33.26	67,854.39	204,103	33.50	68,369.76	15
82,339	19.14	15,761.85	120,641	21.49	25,924.84	161,611	22.57	36,482.16	150,023	22.67	34,010.04	16
22,188	24.81	5,505.35	24,163	26.16	6,320.82	23,632	29.08	6,873.33	23,869	29.50	7,041.18	17
												18
804,481	¢24.41	$196,377.87	872,015	¢27.55	$240,269.67	817,790	¢31.93	$261,149.37	837,235	¢32.66	$273,470.14	19
												20
												21
309,193	¢25.59	$79,135.55										22
			207,429	¢28.62	$59,373.72	192,362	¢35.44	$68,170.59	191,352	¢35.84	$68,576.64	23
			97,636	28.05	27,387.73	107,236	32.67	35,034.32	100,301	33.59	33,687.39	24
20,824	17.64	3,674.13	17,095	18.77	3,208.77	6,932	21.57	1,495.20	7,831	22.50	1,762.00	25
15,037	25.14	3,780.01	17,583	25.91	4,555.28	16,619	22.60	4,418.85	16,642	26.43	4,398.54	26
												27
345,054	¢25.09	$86,589.69	339,743	¢27.82	$94,525.50	323,149	¢33.77	$109,118.96	316,126	¢34.30	$108,424.57	28
												29
												30
250,129	¢21.86	$54,685.27										31
			191,032	¢25.05	$47,850.93	178,870	¢31.62	$56,557.63	175,356	¢32.07	$56,234.27	32
			53,970	25.65	13,845.75	49,628	32.07	15,917.93	46,777	32.74	15,313.19	33
39,794	15.46	6,153.15	25,823	15.99	4,129.44	2,568	22.88	587.64	3,891	22.78	886.31	34
17,596	23.22	4,086.60	16,908	24.06	4,067.76	17,493	26.88	4,701.39	17,680	26.77	4,733.67	35
												36
807,519	¢21.11	$64,925.02	287,733	¢24.28	$69,893.88	248,559	¢31.29	$77,764.59	243,704	¢31.66	$77,167.44	37
												38
												39
65,426	¢23.18	$15,167.84										40
			52,999	¢26.62	$14,105.94	48,513	¢32.57	$15,802.35	46,261	¢33.17	$15,345.27	41
			14,809	27.37	4,053.65	13,158	32.67	4,298.62	12,940	33.46	4,330.20	42
1,696	23.54	399.29	2,045	25.97	531.12	2,052	30.00	615.78	1,825	30.09	549.23	43
6,403	10.00	640.25	22,697	10.00	2,269.50	17,983	14.32	2,575.75	10,493	19.99	2,097.75	44
												45
73,525	¢22.04	$16,207.38	92,550	¢22.65	$20,960.21	81,706	¢28.51	$23,292.50	71,519	¢31.21	$22,322.45	46
												2
												3
3,431,981	¢20.53	$704,736.31										4
			2,581,078	¢23.91	$617,216.38	2,457,557	¢30.71	$754,664.49	2,475,850	¢30.99	$767,196.76	5
			900,405	23.55	212,061.20	925,540	28.66	265,220.21	934,426	28.78	268,913.99	6
1,374,947	18.09	248,775.69	1,648,140	20.17	332,467.00	1,432,677	22.50	322,357.82	1,262,316	22.50	284,064.10	7
148,449	20.12	29,861.12	155,870	21.96	34,230.87	155,535	25.59	39,803.96	154,754	25.71	39,781.46	8
												9
4,955,377	¢19.84	$983,373.12	5,285,493	¢22.63	$1,195,975.45	4,971,309	¢27.80	$1,382,046.48	4,827,346	¢28.17	$1,359,956.31	10
												11
												12
288,762	¢23.46	$66,754.95										13

Sundry Charleston—												
Domestic	288,762	¢23.46	$66,754.95									
Residential				270,326	¢25.17	$68,032.44	499,126	¢30.44	$151,923.83	672,053	¢3	
Commercial				25,544	25.57	6,534.26	49,514	30.02	14,865.86	63,853	3	
Industrial	57,687	31.11	17,944.64	72,366	32.34	23,404.43	420,427	22.18	93,242.41	663,389	2	
Municipal and other	13,296	23.18	3,082.53	15,130	23.94	3,621.37	21,386	30.19	6,454.67	26,456	3	
Total Sdry. Chas	359,745	24.40	87,782.12	383,366	26.50	101,592.50	990,453	26.91	266,486.77	1,425,751	2	
Rural Charleston—												
Domestic	417,227	¢23.28	$97,130.14									
Residential				176,400	¢26.60	$46,924.47	163,371	¢33.02	$53,941.00	158,063	¢3	
Commercial				87,351	28.32	20,372.85	8,992	33.57	3,018.22	9,141	3	
Industrial	21,454	23.15	4,967.31	1,334,327	16.71	222,929.69	1,122,398	17.41	195,414.16	1,230,269	1	
Municipal and other	16,771	22.94	3,845.70	6,394	32.31	2,068.06	11,975	30.31	3,629.08	11,127	3	
Field operations	1,215,337	9.99	121,419.77	180,594	9.92	17,917.92	124,890	13.70	17,108.00	85,237	1	
Total Rural Chas	1,670,789	¢13.61	$227,362.92	1,785,066	¢17.38	$310,212.99	1,431,626	¢19.08	$273,110.46	1,493,837	¢1	
Rural Huntington—												
Residential				98,522	¢27.23	$26,826.58	93,933	¢32.98	$30,981.08	89,146	¢3	
Commercial				52,698	25.46	13,419.14	35,125	32.04	11,256.12	30,585	3	
Industrial				9,627	22.50	2,166.09	23,017	22.92	5,276.26	20,840	2	
Municipal and other				10,404	25.43	2,645.57	11,382	28.53	3,247.60	10,899	2	
Total rural Huntington				171,251	¢26.31	$45,057.38	163,457	¢31.05	$50,761.06	151,470	¢3	
Total West Virginia	10,679,473	¢19.89	$2,124,037.27	11,421,042	¢22.91	$2,617,077.36	11,229,997	¢27.76	$3,117,112.36	11,553,672	¢2	
Total Ohio	1,141,588	37.48	427,912.34	1,352,473	35.94	486,128.46	1,366,485	34.56	472,284.61	1,319,841	3	
Total United F. G. Co.	11,821,061	¢21.59	$2,551,949.61	12,773,515	¢24.29	$3,103,205.82	12,596,482	¢28.53	$3,589,396.97	12,873,513	¢2	
Total Kentucky (W. N. G. Co.)	3,253,908	31.06	1,010,764.40	1,859,807	31.04	576,968.87	1,678,081	31.66	531,282.66	1,587,598	3	
Total retail	15,074,969	¢23.63	$3,562,714.01	14,633,322	¢25.15	$3,680,174.69	14,274,563	¢28.87	$4,120,679.63	14,461,111	¢2	

[fol. 4531]

United Fuel Gas Company and Warfield Natural Gas Company

Statement Showing Wholesale Sales for Years 1928 to 1930, Inclusive

Line No.		1928			1929			Twelve-month period ending June 30,1930				
		M. cu. ft.	Average price	Amount	M. cu. ft.	Average price	Amount	M. cu. ft.	Average price	Amount	M. cu. ft.	Av pr
1	Canoe Oil & Gas Company	4,577	¢10.00	$457.85	4,033	¢10.00	$403.23	4,018	¢10.00	$401.70	4,071	¢10
2	Carbide & Carbon Chems. Corp	6,819	12.13	827.38	8,335	12.49	1,041.29	10,726	11.80	1,265.71	8,834	11
3	Central Ky. Nat. Gas Co	435,843	21.67	95,459.68	785	22.50	176.62			(19.63)	77,062	22
4	Chas-Sunb. Nat. Gas Co	113,468	12.00	13,616.16	463,298	12.00	55,595.76	181,212	12.00	21,745.44		
5	Cumberland & Alleg. G. Co	429	20.00	85.79								
6	Godfrey L. Cabot, Inc				2,071	12.00	248.49	4,827	12.00	579.56	2,756	12
7	Grosscup & Company	29,819	15.53	4,630.75	22,565	15.49	3,495.45	21,868	15.54	3,397.28	24,704	15
8	Hope Nat. Gas Co	5,368,031	25.21	1,353,363.66	5,357,405	26.01	1,393,226.41	5,301,433	26.40	1,399,794.46	4,708,301	26
9	Hunt. Dev. & Gas Co	652,202	11.93	77,778.52	1,410,679	12.00	169,281.48	1,552,572	12.00	186,308.64	1,260,215	12
10	Huntington Gas Company	12,402,354	25.70	3,187,969.44	12,271,538	26.50	3,251,957.63	11,300,323	26.50	2,994,585.65	10,879,706	26
11	Ivyton Oil & Gas Co	36,426	12.00	4,371.12								
12	Ky. & W. Va. Gas Co	126,568	11.99	15,177.60	52,730	12.00	6,327.60	28,659	12.00	3,439.08	25,247	12
13	Louisville Gas & Elec. Co	879,908	20.06	176,482.95	854,515	20.04	171,224.40	897,631	20.20	181,304.25	883,149	20
14	Malden Gas Company	197,305	13.00	25,649.65	191,183	13.45	25,717.63	183,215	18.13	33,217.45	175,209	22
15	Mfgrs. Lt. & Ht. Co	1,410,992	25.82	364,269.00	1,955,985	26.50	518,336.05	1,793,971	26.50	475,402.33	1,585,277	26
16	Merrill Coal Mines	3,500	15.00	525.00	4,354	15.00	653.10	3,671	15.00	550.65	3,118	15
17	Monickle Gas Company	6,092	15.00	913.80	6,876	15.00	1,031.40	6,877	15.00	1,031.55	6,595	15
18	Ohio Fuel Gas Company	11,458,860	25.88	2,965,276.84	15,486,218	26.94	4,172,362.37	15,245,234	26.91	4,102,588.48	14,803,388	26
19	Owens Bottle Company	27,309	12.00	3,277.08	22,536	12.00	2,704.32	19,765	12.00	2,371.80	16,369	12
20	Ptsbg. & W. Va. Gas Co	3,086,821	26.87	829,564.23	44,797	10.87	4,868.64	44,167	10.88	4,803.26	46,770	10
21	Portsmouth Gas Co	1,244,588	35.98	447,756.96	1,189,432	39.00	463,878.48	1,127,726	39.00	439,813.14	1,061,126	39
22	Pure Oil Company	1,154	8.14	93.90								
23	Show Hill Consumers Gas Co	12,265	25.00	3,066.25	13,186	27.24	3,592.20	14,256	30.52	4,350.80	15,618	30
24	United Carbon Company				171,147	4.00	6,845.88	153,518	4.00	6,140.72	137,917	

													11
	288,762	¢23.46	$66,754.95										12
				270,326	¢25.17	$68,032.44	499,126	¢30.44	$151,923.83	672,053	¢30.70	$206,297.53	13
				25,544	25.57	6,534.26	49,514	30.02	14,865.86	63,853	30.48	19,464.18	14
	57,687	31.11	17,944.64	72,366	32.34	23,404.43	420,427	22.18	93,242.41	663,389	21.19	140,545.79	15
er	13,296	23.18	3,082.53	15,130	23.94	3,621.37	[illegible]86	30.19	6,454.67	26,456	30.65	8,107.83	16
													17
Chas.	359,745	24.40	87,782.12	383,366	26.50	101,592.50	930,453	26.91	266,486.77	1,425,751	26.26	374,415.33	18
													19
													20
	417,227	¢23.28	$97,130.14										21
				176,400	¢26.60	$46,924.47	163,371	¢33.02	$53,941.00	158,063	¢33.63	$53,159.54	22
				87,351	23.32	20,372.85	8,992	33.57	3,018.22	9,141	34.16	3,122.31	23
	21,454	23.15	4,967.31	1,334,327	16.71	222,929.69	1,122,398	17.41	195,414.16	1,230,269	17.15	210,941.34	24
er	16,771	22.94	3,845.70	6,394	32.31	2,068.06	11,975	30.31	3,629.08	11,127	30.27	3,367.94	25
	1,215,337	9.99	121,419.77	180,594	9.92	17,917.92	124,890	13.70	17,108.00	85,237	19.21	16,375.55	26
													27
Chas.	1,670,789	¢13.61	$227,362.92	1,785,066	¢17.38	$310,212.99	1,431,626	¢19.08	$273,110.46	1,493,837	¢19.21	$286,966.68	28
													29
													30
				98,522	¢27.23	$26,826.58	93,933	¢32.98	$30,981.08	89,146	¢33.32	$29,707.18	31
				12,698	25.46	13,419.14	35,125	32.04	11,256.12	30,585	32.84	10,044.29	32
				9,627	22.50	2,166.09	23,017	22.92	5,276.26	20,840	23.14	4,822.23	33
er				10,404	25.43	2,645.57	11,382	28.53	3,247.60	10,899	28.23	3,076.79	34
													35
Huntington				171,251	¢26.31	$45,057.38	163,457	¢31.05	$50,761.06	151,470	¢31.46	$47,650.49	36
													37
													38
	10,679,473	¢19.89	$2,124,037.27	11,421,042	¢22.91	$2,617,077.36	11,229,997	¢27.76	$3,117,112.36	11,553,672	¢27.83	$3,215,081.50	39
													40
	1,141,588	37.48	427,912.34	1,352,473	35.94	486,128.46	1,366,485	34.56	472,284.61	1,319,841	33.74	445,263.05	41
													42
	11,821,061	¢21.59	$2,551,949.61	12,773,515	¢24.29	$3,103,205.82	12,596,482	¢28.53	$3,589,396.97	12,873,513	¢28.48	$3,660,344.55	43
													44
Co.)	3,253,908	31.06	1,010,764.40	1,859,807	31.04	576,968.87	1,678,081	31.66	531,282.66	1,587,598	32.23	511,754.87	45
													46
	15,074,969	¢23.63	$3,562,714.01	14,633,322	¢25.15	$3,680,174.69	14,274,563	¢28.87	$4,120,679.63	14,461,111	¢28.85	$4,172,099.42	47
													48

United Fuel Gas Company and Warfield Natural Gas Company

Statement Showing Wholesale Sales for Years 1928 to 1930, Inclusive

	1928			1929			Twelve-month period ending June 30,1930			1930			
	M. cu. ft.	Average price	Amount	M. cu. ft.	Average price	Amount	M. cu. ft.	Average price	Amount	M. cu. ft.	Average price	Amount	Line No.
	4,577	¢10.00	$457.85	4,033	¢10.00	$403.23	4,018	¢10.00	$401.70	4,071	¢10.00	$407.22	1
Corp.	6,819	12.13	827.38	8,335	12.49	1,041.29	10,726	11.80	1,265.71	8,834	11.11	981.73	2
	435,843	21.67	95,459.68	785	22.50	176.62			(19.63)	77,062	22.50	17,338.95	3
	113,468	12.00	13,616.16	463,298	12.00	55,595.76	181,212	12.00	21,745.44				4
	429	20.00	85.79										5
				2,071	12.00	248.49	4,827	12.00	579.56	2,756	12.01	331.07	6
	29,819	15.53	4,630.75	22,565	15.49	3,495.45	21,868	15.54	3,397.28	24,704	15.52	3,833.39	7
	5,368,031	25.21	1,353,363.66	5,357,405	26.01	1,393,226.41	5,301,433	26.40	1,399,794.46	4,708,301	26.25	1,235,778.16	8
	652,202	11.93	77,778.52	1,410,679	12.00	169,281.48	1,552,572	12.00	186,308.64	1,260,215	12.00	151,195.80	9
	12,402,354	25.70	3,187,969.44	12,271,538	26.50	3,251,957.63	11,300,323	26.50	2,994,585.65	10,879,706	26.50	2,883,122.14	10
	36,426	12.00	4,371.12										11
	126,568	11.99	15,177.60	52,730	12.00	6,327.60	28,659	12.00	3,439.08	25,247	12.00	3,029.64	12
	879,908	20.06	176,482.95	854,515	20.04	171,224.40	897,631	20.20	181,304.25	883,149	20.17	178,130.00	13
	197,305	13.00	25,649.65	191,183	13.45	25,717.63	183,215	18.13	33,217.45	175,209	22.59	39,580.59	14
	1,410,992	25.82	364,269.00	1,955,985	26.50	518,336.05	1,793,971	26.50	475,402.33	1,585,277	26.50	420,098.42	15
	3,500	15.00	525.00	4,354	15.00	653.10	3,671	15.00	550.65	3,118	15.00	467.70	16
	6,092	15.00	913.80	6,876	15.00	1,031.40	6,877	15.00	1,031.55	6,595	15.00	989.25	17
	11,458,860	25.88	2,965,276.84	15,486,218	26.94	4,172,362.37	15,245,234	26.91	4,102,588.48	14,803,388	26.91	3,984,447.10	18
	27,309	12.00	3,277.08	22,536	12.00	2,704.32	19,765	12.00	2,371.80	16,369	12.00	1,964.28	19
	3,086,821	26.87	829,564.23	44,797	10.87	4,868.64	44,167	10.88	4,803.26	46,770	10.88	5,087.46	20
	1,244,588	35.98	447,756.96	1,189,432	39.00	463,878.48	1,127,726	39.00	439,813.14	1,061,126	39.25	416,475.06	21
	1,154	8.14	93.90										22
Co.	12,265	25.00	3,066.25	13,186	27.24	3,592.20	14,256	30.52	4,350.80	15,618	30.47	4,759.40	23
				171,147	**4.00**	**6,845.88**	**153,518**	**4.00**	**6,140.72**	**137,917**	**4.00**	**5,516.68**	24

Rural Charleston—												
Domestic	417,227	¢23.28	$97,130.14									
Residential				176,400	¢26.60	$46,924.47	163,371	¢33.02	$53,941.00	158,063	¢39.6
Commercial				87,351	23.32	20,372.85	8,992	33.57	3,018.22	9,141	34.1
Industrial	21,454	23.15	4,967.31	1,334,327	16.71	222,929.69	1,122,398	17.41	195,414.16	1,230,269	17.1
Municipal and other	16,771	22.94	3,845.70	6,394	32.31	2,068.06	1,975	30.31	3,629.08	11,127	30.2
Field operations	1,215,337	9.99	121,419.77	180,594	9.92	17,917.92	124,890	13.70	17,108.00	85,237	19.2
Total Rural Chas	1,670,789	¢13.61	$227,362.92	1,785,066	¢17.38	$310,212.99	1,431,626	¢19.08	$278,110.46	1,493,837	¢19.2
Rural Huntington—												
Residential				98,522	¢27.23	$26,826.58	93,933	¢32.98	$30,981.08	89,146	¢33.3
Commercial				2,698	25.46	13,419.14	35,125	32.04	14,256.12	30,585	32.8
Industrial				9,627	22.50	2,166.09	23,017	22.92	5,276.26	20,840	23.1
Municipal and other				10,404	25.43	2,645.57	11,382	28.53	3,247.60	10,899	28.2
Total rural Huntington				171,251	¢26.31	$45,057.38	163,457	¢31.05	$50,761.06	151,470	¢31.4
Total West Virginia	10,679,473	¢19.89	$2,124,037.27	11,421,042	¢22.91	$2,617,077.86	11,220,997	¢27.76	$3,117,112.36	11,553,672	¢27.8
Total Ohio	1,141,588	37.48	427,912.34	1,352,473	35.94	486,128.46	1,366,485	34.56	472,284.61	1,319,841	33.7
Total United F. G. Co	11,821,061	¢21.59	$2,551,949.61	12,773,515	¢24.29	$3,103,205.82	12,596,482	¢28.53	$3,589,396.97	12,873,513	¢28.4
Total Kentucky (W. N. G. Co.)	3,253,908	31.06	1,010,764.40	1,859,807	31.04	576,968 87	1,678,081	31.66	531,282.66	1,587,598	32.2
Total retail	15,074,969	¢23.63	$3,562,714.01	14,633,322	¢25.15	$3,680,174.69	14,274,563	¢28.87	$4,120,679.63	14,461.111	¢28.8

[fol. 4531]

United Fuel Gas Company and Warfield Natural Gas Company

Statement Showing Wholesale Sales for Years 1928 to 1930, Inclusive

Line No.		1928			1929			Twelve-month period ending June 30,1930			19	
		M. cu. ft.	Average price	Amount	M. cu. ft.	Average price	Amount	M. cu. ft.	Average price	Amount	M. cu. ft.	Average price
1	Canoe Oil & Gas Company	4,577	¢10.00	$457.85	4,033	¢10.00	$403.23	4,018	¢10.00	$401.70	4,071	¢10.0
2	Carbide & Carbon Chems. Corp	6,819	12.13	827.38	8,335	12.49	1,041.29	10,726	11.80	1,265.71	8,834	11.1
3	Central Ky. Nat. Gas Co	435,843	21.67	95,459.68	785	22.50	176.62			(19.63)	77,062	22.5
4	Chas-Sunb. Nat. Gas Co	113,468	12.00	13,616.16	463,298	12.00	55,595.76	181,212	12.00	21,745.44		
5	Cumberland & Alleg. G. Co	429	20.00	85.79								
6	Godfrey L. Cabot, Inc				2,071	12.00	248.49	4,827	12.00	579.56	2,756	12.0
7	Grosscup & Company	29,819	15.53	4,630.75	22,565	15.49	3,495.45	21,868	15.54	3,397.28	24,704	15.5
8	Hope Nat. Gas Co	5,368,031	25.21	1,353,363.66	5,357,405	26.01	1,393,226.41	5,301,433	26.40	1,399,794.46	4,708,301	26.2
9	Hunt. Dev. & Gas Co	652,202	11.93	77,778.52	1,410,679	12.00	169,281.48	1,552,572	12.00	186,308.64	1,260,215	12.0
10	Huntington Gas Company	12,402,354	25.70	3,187,969.44	12,271,538	26.50	3,251,957.63	11,300,323	26.50	2,994,585.65	10,879,706	26.5
11	Ivyton Oil & Gas Co	36,426	12.00	4,371.12								
12	Ky. & W. Va. Gas Co	126,568	11.99	15,177.60	53,730	12.00	6,327.60	28,659	12.00	3,439.08	25,247	12.0
13	Louisville Gas & Elec. Co	879,908	20.06	176,482.95	854,515	20.04	171,224.40	897,631	20.20	181,304.25	883,149	20.1
14	Malden Gas Company	197,305	13.00	25,649.65	191,183	13.45	25,717.63	183,215	18.13	33,217.45	175,209	22.5
15	Mfgrs. Lt. & Ht. Co	1,410,992	25.82	364,269.00	1,955,985	26.50	518,336.05	1,793,971	26.50	475,402.33	1,585,277	26.5
16	Merrill Coal Mines	3,500	15.00	525.00	4,354	15.00	653.10	3,671	15.00	550.65	3,118	15.0
17	Monrckle Gas Company	6,092	15.00	913.80	6,876	15.00	1,031.40	6,877	15.00	1,031.55	6,595	15.0
18	Ohio Fuel Gas Company	11,458,860	25.88	2,965,276.84	15,486,218	26.94	4,172,362.37	15,245,234	26.91	4,102,588.48	14,803,388	26.9
19	Owens Bottle Company	27,309	12.00	3,277.08	22,536	12.00	2,704.32	19,765	12.00	2,371.80	16,369	12.0
20	Ptsbg. & W. Va. Gas Co	3,086,821	26.87	829,564.23	44,797	10.87	4,868.64	44,167	10.88	4,803.26	46,770	10.8
21	Portsmouth Gas Co	1,244,588	35.98	447,756.96	1,189,482	39.00	463,878.48	1,127,726	39.00	439,813.14	1,061,126	39.2
22	Pure Oil Company	1,154	8.14	93.90								
23	Show Hill Consumers Gas Co	12,265	25.00	3,066.25	13,186	27.24	3,592.20	14,256	30.52	4,350.80	15.618	30.4
24	United Carbon Company				171,147	4.00	6,845.88	153,518	4.00	6,140.72	137,917	4.00
25	West Virginia Gas Corp	3,437	14.14	486.15	2,493	15.12	376.95	29,892	12.20	3,647.76	74,536	12.0
26												
27	Total	37,508,767	¢25.52	$9,571,099.76	39,536,161	¢25.93	$10,253,345.38	37,925,561	¢26.02	$9,866,720.08	35,799,968	¢26.1

( ) Denotes red figures.

	417,227	¢23.28	$97,130.14										21
				176,409	¢26.60	$46,924.47	163,371	¢33.02	$53,941.00	158,063	¢33.63	$53,159.54	22
				87,351	23.32	20,372.85	8,992	33.57	3,018.22	9,141	34.16	3,122.81	23
	21,454	23.15	4,967.31	1,334,327	16.71	222,929.69	1,122,398	17.41	195,414.46	1,230,269	17.15	210,941.34	24
ther	16,771	22.94	3,845.70	6,394	32.31	2,068.06	11,975	30.31	3,629.08	11,127	30.27	3,367.94	25
	1,215,337	9.99	121,419.77	180,594	9.92	17,917.92	124,890	13.70	17,108.00	85,237	19.21	16,375.55	26
													27
l Chas	1,670,789	¢13.61	$227,362.92	1,785,066	¢17.38	$310,212.99	1,431,626	¢19.08	$273,110.46	1,493,837	¢19.21	$286,966.68	28
													29
													30
				98,522	¢27.23	$26,826.58	93,933	¢32.98	$30,981.08	89,146	¢33.32	$29,707.18	31
				2,698	25.46	13,419.14	35,125	32.04	11,256.12	30,585	32.84	10,044.29	32
				9,627	22.50	2,166.09	23,017	22.92	5,276.26	20,840	23.14	4,822.23	33
ther				10,404	25.43	2,645.57	11,382	28.53	3,247.60	10,899	28.23	3,076.79	34
													35
l Huntington				171,251	¢26.31	$45,057.38	163,457	¢31.05	$50,761.06	151,470	¢31.46	$47,650.49	36
													37
													38
	10,679,473	¢19.89	$2,124,037.27	11,421,042	¢22.91	$2,617,077.36	11,229,997	¢27.76	$3,117,112.36	11,553,672	¢27.83	$3,215,081.50	39
													40
	1,141,588	37.48	427,912.34	1,352,473	35.94	486,128.46	1,366,485	34.56	472,284.61	1,319,841	33.74	445,263.05	41
													42
	11,821,061	¢21.59	$2,551,949.61	12,773,515	¢24.29	$3,103,205.82	12,596,482	¢28.53	$3,589,396.97	12,873,513	¢28.48	$3,660,344.55	43
													44
G. Co.)	3,253,908	31.06	1,010,764.40	1,859,801	31.04	576,968.87	1,678,081	31.66	531,282.66	1,587,598	32.23	511,754.87	45
													46
il	15,074,969	¢23.63	$3,562,714.01	14,633,322	¢25.15	$3,680,174.69	14,274,563	¢28.87	$4,120,679.68	14,461,111	¢28.85	$4,172,099.42	47
													48

United Fuel Gas Company and Warfield Natural Gas Company

Statement Showing Wholesale Sales for Years 1928 to 1930, Inclusive

1928			1929			Twelve-month period ending June 30,1930			1930			
M. cu. ft.	Average price	Amount	M. cu. ft.	Average price	Amount	M. cu. ft.	Average price	Amount	M. cu. ft.	Average price	Amount	Line No.
4,577	¢10.00	$457.85	4,033	¢10.00	$403.23	4,018	¢10.00	$401.70	4,071	¢10.00	$407.22	1
6,819	12.13	827.38	8,335	12.49	1,041.29	10,726	11.80	1,265.71	8,834	11.11	981.78	2
435,843	21.67	95,459.68	785	22.50	176.62			(19.63)	77,062	22.50	17,338.95	3
113,468	12.00	13,616.16	463,298	12.00	55,595.76	181,212	12.00	21,745.44				4
429	20.00	85.79										5
			2,071	12.00	248.49	4,827	12.00	579.56	2,756	12.01	331.07	6
29,819	15.53	4,630.75	22,565	15.49	3,495.45	21,868	15.54	3,397.28	24,704	15.52	3,833.39	7
5,368,031	25.21	1,353,363.66	5,357,405	26.01	1,393,226.41	5,301,433	26.40	1,399,794.46	4,708,301	26.25	1,235,778.16	8
652,202	11.93	77,778.52	1,410,679	12.00	169,281.48	1,552,572	12.00	186,308.64	1,260,215	12.00	151,195.80	9
12,402,354	25.70	3,187,969.44	12,271,538	26.50	3,251,957.63	11,300,323	26.50	2,994,585.65	10,879,706	26.50	2,883,122.14	10
												11
36,426	12.00	4,371.12										12
126,568	11.99	15,177.60	52,730	12.00	6,327.60	28,659	12.00	3,439.08	25,247	12.00	3,029.64	13
879,908	20.06	176,482.95	854,515	20.04	171,224.40	897,631	20.20	181,304.25	883,149	20.17	178,130.00	14
197,305	13.00	25,649.65	191,183	13.45	25,717.63	183,215	18.13	33,217.45	175,209	22.59	39,580.59	15
1,410,992	25.82	364,269.00	1,955,985	26.50	518,336.05	1,793,971	26.50	475,402.33	1,585,277	26.50	420,098.42	16
3,500	15.00	525.00	4,354	15.00	653.10	3,671	15.00	550.65	3,118	15.00	467.70	17
6,092	15.00	913.80	6,876	15.00	1,031.40	6,877	15.00	1,031.55	6,595	15.00	989.25	18
11,458,860	25.88	2,965,276.84	15,486,218	26.94	4,172,362.37	15,245,234	26.91	4,102,588.48	14,803,388	26.91	3,984,447.10	19
27,309	12.00	3,277.08	22,536	12.00	2,704.32	19,765	12.00	2,371.80	16,369	12.00	1,964.28	20
3,086,821	26.87	829,564.23	44,797	10.87	4,868.64	44,167	10.88	4,803.26	46,770	10.88	5,087.46	21
1,244,588	35.98	447,756.96	1,189,432	39.00	463,878.48	1,127,726	39.00	439,813.14	1,061,126	39.25	416,475.06	22
1,154	8.14	93.90										23
12,265	25.00	3,066.25	13,186	27.24	3,592.20	14,256	30.52	4,350.80	15,618	30.47	4,759.40	24
			171,147	4.00	6,845.88	153,518	4.00	6,140.72	137,917	4.00	5,516.68	25
3,437	14.14	486.15	2,493	15.12	376.95	29,892	12.20	3,647.76	74,536	12.08	9,003.48	26
37,508,767	¢25.52	$9,571,099.76	39,536,161	¢25.93	$10,253,345.38	37,925,561	¢26.02	$9,866,720.08	35,799,968	¢26.15	$9,362,537.52	27

[fol. 4532]

CITY EXHIBIT #110

The Ohio Fuel Gas Company

Statement Showing Reserve for Replacements, Retirements, Etc., with Ratio of Reserves to Book Investment of Property for Five (5) Years

As of December 31	Reserve beginning of year	Credits during year	Debits during year	Net change during year	Reserve at end of year	Book investment at end of year	Ratio of reserve at end of year to book investment
1923.....	$8,537,931.46	$2,901,197.88	$282,900.85	$2,618,297.03	$11,156,228.49	$52,426,477.73	21.28%
1924.....	11,156,228.49	2,701,201.69	764,278.73	1,936,922.96	13,093,151.45	53,620,434.43	24.42%
1925.....	13,093,151.45	2,584,720.28	1,245,442.03	1,339,278.25	14,432,429.70	54,886,006.29	26.30%
1926.....	14,432,429.70	1,520,205.34	523,452.73	996,752.61	15,429,182.31	59,112,503.26	26.10%
1927.....	15,429,182.31	1,748,993.99	869,741.59	879,252.40	16,308,434.71	65,146,719.77	25.03%

NOTE: The above figures include The Logan Gas Company.

[fol. 4533]

CITY EXHIBIT #111

The Ohio Fuel Gas Company

Statement Showing Reserves for Amortization of Leaseholds Only with Ratio of Reserves to Value of Leaseholds as per Books for Five (5) Years

As of December 31	Reserve beginning of year	Credits during year	Debits during year	Net change during year	Reserve at end of year	Value of leaseholds at end of year	Ratio of reserve at end of year to book value of leaseholds
1923.....	$1,375,377.98	$140,431.01	$2,316.29	$138,114.72	$1,513,492.70	$6,703,951.57	22.58%
1924.....	1,513,492.70	142,831.82	70,826.34	72,005.48	1,585,498.18	6,709,761.60	23.63%
1925.....	1,585,498.18	174,084.06	48,884.14	125,199.92	1,710,698.10	6,714,491.34	25.48%
1926.....	1,710,698.10	134,419.91	3,142.33	131,277.58	1,841,975.68	6,814,056.55	27.03%
1927.....	1,841,975.68	323,461.40	51,949.56	271,511.84	2,113,487.52	7,481,879.40	28.25%

NOTE: The above figures include The Logan Gas Company.

[fol. 4534]

CITY EXHIBIT # 2

The Columbus Gas & Fuel Company
(Entire System)

Statement Showing Detail of Operating Expenses Exclusive of Depreciation Allowance, Taxes and Return for Years Ended December 31st, 1925 and 1926

	Detail of operating expenses, account number and title	Year—1925 amount		Year—1926 amount	
	Gas purchased for resale				
	M. C. F. gas purchased	5,896,466 M @ $.335956 Per M =	$1,980,952.74	5,668,308 M @ $.273987 Per M =	$1,553,041.94
369	Natural gas purchased		4,474.39		5,010.69
370	Purchased gas expense				
	Total purchased gas expense		$1,985,427.13		$1,558,052.63
	Distribution system expense:				
389	Superintendence labor		$6,800.00		$7,907.43
390	Distribution line labor		2,444.64		2,893.20
391	Labor removing & resetting meters		12,021.57		18,041.45
392	Labor inspecting & testing meters		175.50		.....
393	Other meter department labor		.....		.....
394	Other distribution system labor		402.63		1,098.92
395	Superintendence supplies & expense		3.33		384.92
396	Distribution line supplies & expenses		3.15		.....
397	Meter department " " "		628.65		1,687.38
398	Distribution system rent		685.05		1,553.32
399	Other distribution supplies & expenses		131.94		178.33
400	Maintenance of distribution structures		1.17		3.11
401	" " " " lines		26,667.58		28,382.67
402	Changing distribution lines		.....		(7.41)
403	Maintenance of service line equipment		18,376.32		16,189.25
404	" " meters		11,553.07		14,812.37
405	" " house regulators		4.50		5,239.52
406	" " gas receivers & dist. reg's		3,189.25		2,211.52
407	" " other equipment		69.55		8.54
	Total distribution system expense		$83,157.90		$100,584.52

	Utilization system expense:		
411	Customers' premises labor	.....	.....
415	" " supplies & expenses	.....	.....
	Total utilization system expense	$.....	$.....
	Commercial system expense:		
420	Operating labor	$64,345.45	$84,904.85
421	" supplies & expense	24,385.97	34,034.95
	Total commercial system expense	$88,731.42	$118,939.80
	Business promotion expense:		
422	Salaries	$.....	$.....
424	Supplies & expenses	.....	.....
	Total business promotion expense	$.....	$.....

( ) Denotes red figures.

[fol. 4535]

	General administrative expense:		
427	Salaries of general officers	$18,784.44	$6,341.98
427½	Operating & eng. service fee	.....	.....
428	Salaries of general office clerks	2,973.48	3,152.84
429	General office stationery & printing	212.83	412.66
430	Other general office supplies	33.23	235.99
431	General officers' expense	1,964.34	463.20
432	General office clerks' expense	197.33	43.14
433	General law expense	5,000.00	(2,350.00)
434	General office rent	.....	.....
435	Other general office expense	107.14	50.89
437	Maintenance of general office equipment	71.75	.....
	Total general administrative expense	$29,344.54	$8,350.70

CITY EXHIBIT No. 2

The Columbus Gas & Fuel Company
(Entire System)

Statement Showing Detail of Operating Expenses Exclusive of Depreciation Allowance, Taxes and Return for Years Ended December 31st, 1925 and 1926

Detail of operating expenses, account number and title	Year—1925 amount	Year—1926 amount
Other general expense:		
452 Uncollectible accounts	$5,915.19	$7,243.50
453 Public service commission expense	67,025.69	102,457.56
454 Injuries and damages	1,354.89	4,419.52
455 Other insurance	6,736.75	12,261.63
455½ Employees' group insurance	.....	.....
456 Relief and pensions	1,099.68	9,867.81
457 Other general expense	24,543.13	29,278.63
458 Inventory adjustments	9,483.37	(3,306.61)
459 Discount on merchandise purchased	.....	.....
460 Gas used in operations	.....	.....
Total other general expense	$116,158.70	$162,222.04
Total operating expenses (before taxes, depreciation allowance and return)	$2,302,819.69	$1,948,149.69

( ) Denotes red figures.

(Here follow tables, side folios 4536 & 4537

[fol. 4536]

The Columbus Gas and Fuel Company

(Entire System)

Statement Showing Detail of Operating Expenses Exclusive of Depreciation Allowance, Taxes and Return for Years Ended Dec. 31st, 1924-1927-1928 and 1929

Detail of operating expenses, account number and title	Year—1924 amount	Year—1927 amount	Year—1928 amount	Year—1929 amount
Gas purchased for resale	6,367,208 M	5,855,602 M	6,734,263 M	6,993,512 M
M. C. F. gas purchased	@ $.348185 per M	@ $.318521 per M	@ $.316854 per M	@ $.368107 per M
369 Natural gas purchased	$2,216,968.61	$1,865,130.18	$2,133,776.79	$2,574,358.84
370 Purchased gas expense	4,403.24	5,310.85	1,029.20	1,190.14
Total purchased gas expense	$2,221,371.85	$1,870,441.03	$2,134,805.99	$2,575,548.98
Distribution system expense:				
389 Superintendence labor	$6,404.93	$7,947.99	$13,619.48	$12,098.15
390 Distribution line labor	2,105.96	2,928.61	4,575.50	8,456.61
391 Labor removing & resetting meters	11,778.10	22,458.37	34,109.62	15,581.54
392 Labor inspecting & Testing meters	.....	1,082.33	2,166.31	284.14
393 Other meter department labor	.....	343.87	758.95	2,385.84
394 Other distribution system labor	1,711.88	4,605.98	17,790.16	5,170.04
395 Superintendence Supplies & Expenses	1.00	4,598.49	2,359.88	999.81
396 Distribution Line " " "	79.07	1,437.51	10,305.13	9,725.75
397 Meter Department " " "	.....	7,753.69	10,709.62	17,463.62
398 Distribution system rent	621.78	1,013.00	3,057.82	1,921.92
399 Other distribution supplies & "	597.69	1,752.86	3,452.69	5,798.65
400 Maintenance of distribution structures	109.78	381.09	494.25	318.13
401 " " " " lines	33,475.18	18,002.72	20,647.22	64,645.93
402 Changing distribution lines	.....	372.51	1,668.05	929.33
403 Maintenance of service line equipment	23,598.33	20,614.91	18,764.87	15,942.51
404 " " meters	11,042.38	52,744.87	20,103.49	536.97
405 " " house regulators	8.83	4,069.62	77.99	39.45
406 " " gas receivers & dist. reg's	1,715.42	7,919.72	3,591.39	5,260.43
407 " " other equipment	44.39	744.21	884.29	1,056.45
Total distribution system expense	$92,845.91	$160,772.35	$169,136.71	$168,615.27
Utilization system expense:				
411 Customers' premises labor	.....	$13,103.87	$19,965.30	$25,683.00
415 " " supplies & Expense	.....	7,250.46	7,545.24	6,358.82
Total utilization system expense	.....	$20,354.33	$27,510.54	$32,041.82
Commercial system expense:				
420 Operating labor	$61,372.39	$96,061.78	$112,208.97	$96,940.59
421 " supplies & expense	25,593.63	82,282.82	53,663.01	23,828.69
Total commercial system expense	$86,966.02	$178,344.60	$165,871.98	$120,769.28

[fol. 4537]

Business promotion expense:				
422 Salaries	.....	$1,654.97	$12,891.50	$33,731.60
424 Supplies & expense	.....	3,214.24	20,432.46	18,926.45
Total business promotion expense	.....	$4,869.21	$33,323.96	$52,658.05
General administrative expense:				
427 Salaries of general officers	$11,604.84	.....	.....	$3,423.33
427½ Operating & eng. service fee	.....	$69,653.22	$78,076.03	82,496.11
428 Salaries of general office clerks	3,223.87	4,367.68	7,538.30	5,196.57
429 General office stationery & Ptg,	416.83	409.35	2,610.78	1,996.58
430 Other general office supplies	70.56	277.34	561.89	234.94
431 General officers' expense	1,422.10	1,949.75	696.74	748.26
432 General office clerks' expense	255.53	109.60	113.39	24.13
433 General law expense	10,476.67	966.67	3,404.50	2,697.64
434 General office rent	.....	.....	456.00	1,379.01
435 Other general office expense	5,618.93	2,544.87	4,295.08	2,963.40

	[illegible] & Eng. service fee		$69,653.22	$78,076.03	$3,423.33
428	Salaries of general office clerks	3,223.87	4,367.68	7,538.30	82,496.11
429	General office stationery & Ptg.	416.83	409.35	2,610.78	5,196.57
430	Other general office supplies	70.56	277.34	561.89	1,996.58
431	General officers' expense	1,422.10	1,949.75	696.74	234.94
432	General office clerks' expense	255.53	109.60	113.39	748.26
433	General law expense	10,476.67	966.67	3,404.50	24.13
434	General office rent			456.00	2,697.64
435	Other general office expense	5,618.93	2,544.87	4,295.08	1,379.01
437	Maintenance of general office equip.	533.74			2,963.40
					138.86
	Total general administrative expense	$33,623.07	$80,278.48	$97,752.71	$101,298.83
	Other general expense:				
448	Laboratory supplies & expenses				$538.50
452	Uncollectible accounts	$2,548.83	$11,515.46	$8,134.15	6,947.65
453	Public service commission expense	17,160.53	28,060.24	31,284.40	25,242.20
454	Injuries and damages	554.06	1,333.58	23,565.75	29,282.32
455	Other insurance	2,671.19	12,472.85	14,797.77	5,083.51
455½	Employee's group insurance			1,647.76	2,395.02
456	Relief and pensions	1,999.36	3,262.10	5,539.99	6,076.88
457	Other general expense	51,243.44	22,257.72	27,440.69	39,170.61
458	Inventory adjustments	53.95		252.93	78.78
459	Discount on merchandise purchased				
460	Gas used in operations				
	Total other general expense	$76,231.36	$76,633.02	$110,652.93	$107,570.65
	Total operating expenses	$2,511,038.21	$2,391,693.02	$2,739,054.82	$3,158,502.88

(Before taxes—depreciation allowance and return)

[fol. 4538] Co. Ex. No. 23

Amended by Exhibit No. 23-A

Ohio Fuel Gas Company Deliveries Year 1929

Receipts

Total volume of gas delivered into Wheeler Compressing Station from all sources during 1929	33,374,431M
Total volume of West Virginia gas delivered into Wheeler Compressing Station as represented in above delivery	21,383,457M
Total volume of Ohio gas produced and delivered to Wheeler Compressing Station during year 1929	11,990,974M
Percent of West Virginia gas	64%
Percent of Ohio gas	36%

Deliveries

Wholesale sales:

Columbus Gas & Fuel Co	6,993,512M	
Federal Gas Company	2,286,093	
Dayton Power & Light Co	6,545,411	
Union Gas & Electric	5,853,199	
Northwestern Ohio Nat. Gas Co	4,996,585	
Springfield Gas Company	1,704,685	
Central Indiana Gas Co	1,609,738	
Western Ohio Public Service Co	278,102	
City of Lancaster	356,686	
City of New Knoxville	2,502	
City of Tarlton	5,942	
City of Williamsport	14,779	
		30,647,234M
Retail sales		3,636,163M
Grand total		34,283,397M

Summary

Total intake Wheeler Compressing Station	33,374,431M
Less fuel consumed Wheeler & Sugar Grove Comp. Sta	777,439M
Total volume of gas leaving Wheeler Comp. Sta	32,596,992M
Additional Ohio gas used to supply Columbus, Cincinnati and Dayton markets	1,686,405M
Total West Virginia gas delivered from Wheeler Compressing Station to above markets	21,383,457M
Total Ohio gas delivered from Wheeler Compressing Station and other Ohio sources to above markets	12,899,940M
Percent West Virginia Gas delivered to Columbus, Cincinnati, Dayton and part Toledo markets	62.4%
Percent Ohio production delivered to Columbus, Cincinnati, Dayton and part Toledo markets	37.6%

[fol. 4539] Amended by Exhibit No. 23-B

Lines

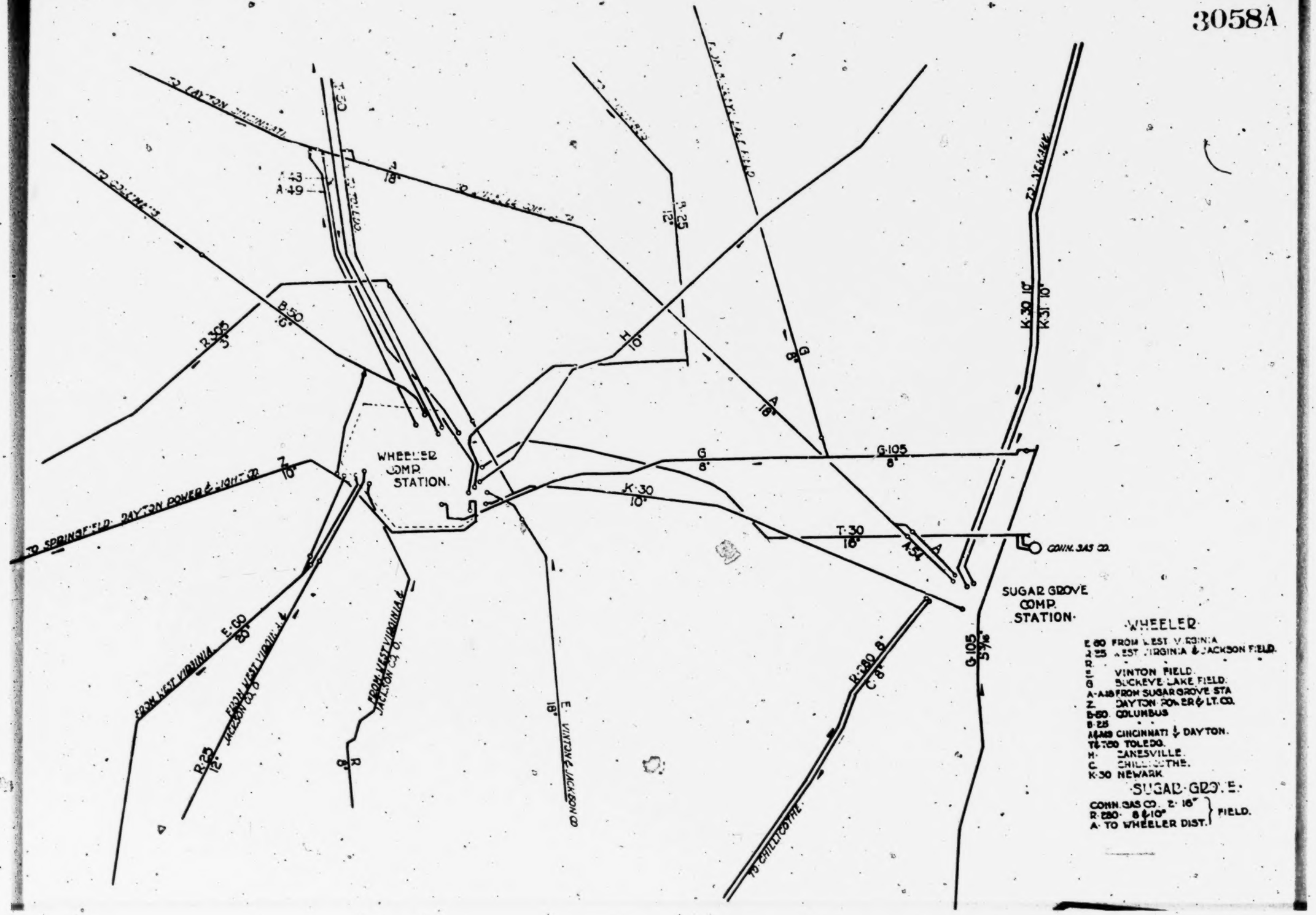
Intake lines Wheeler Comp. Sta.	Size line	Transporting gas from
E	18"	West Virginia and Vinton Co.
R	8 & 10"	" " " Jackson Co.
R-25	12"	" " " " "
G	8"	Buckeye Lake District
E-60 & E	18 & 20"	West Virginia & Meigs Co.
A	18"	Sugar Grove Comp. Sta.

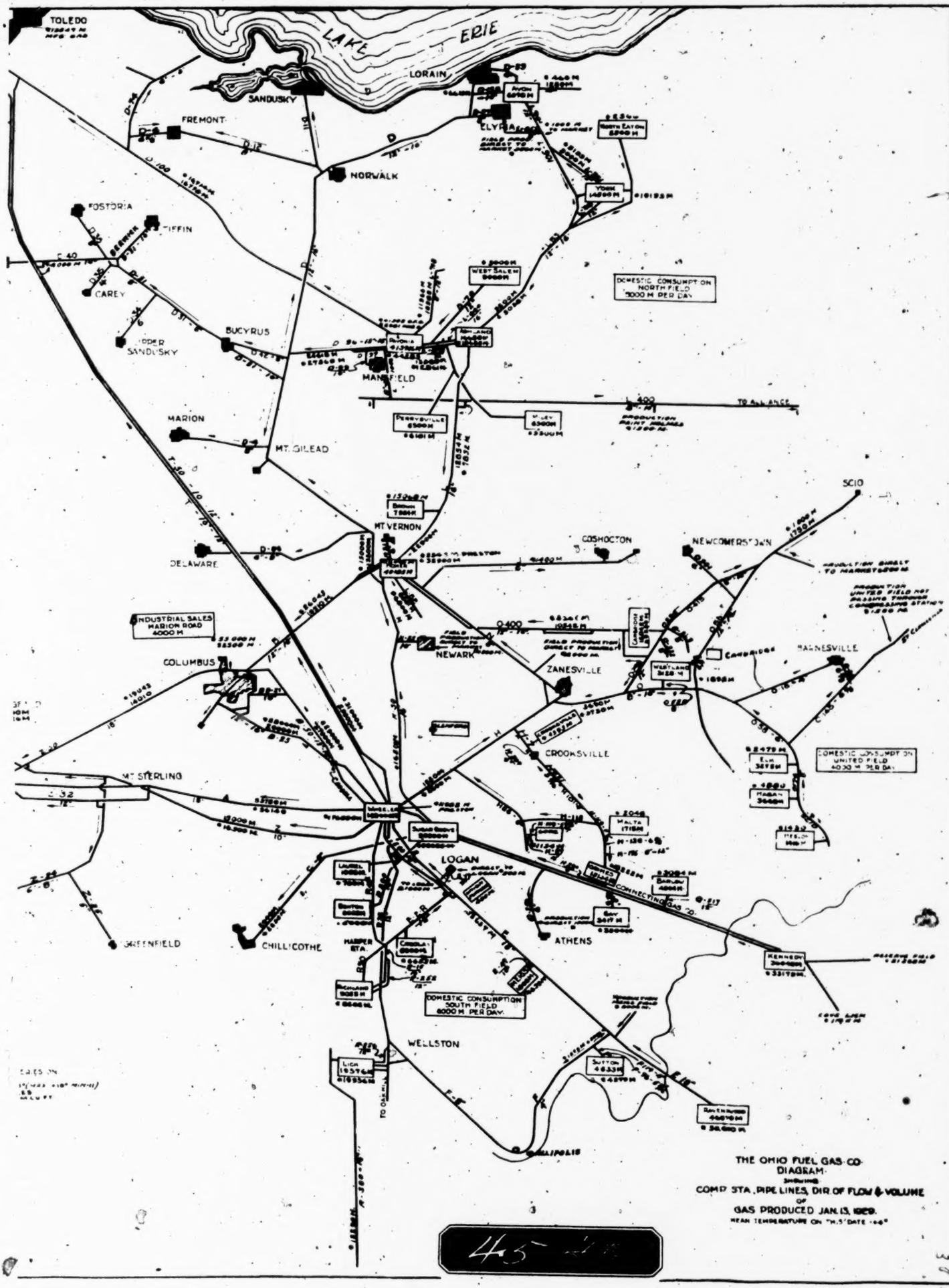
	Size line	
Discharge lines Wheeler Comp. Sta.		
A	18"	Dayton, Cincinnati & Ind.
B-25	12"	Columbus
B-50	16'	"
Z	10"	Springfield & Dayton Power & Light
K-30	10 & 16"	Newark & other markets
C	8"	Chillicothe & other markets
T	10"	Toledo " " "
T-50	10"	" " " "
Intake lines Sugar Grove Comp. Sta.		
2-Connecting Gas Co.	16"	West Virginia & Stewart fields
R-280	10"	Hocking Co., Ohio
Discharge lines Sugar Grove Comp. Sta.		
*A	18"	To Wheeler Comp. Sta.

* Sugar Grove Compressing Station delivers all of its gas to Wheeler Compressing Station.

(Here follow maps, side folios 4540 & 4541)

3058A


WHEELER COMP. STATION.
SUGAR GROVE COMP. STATION.
TO SPRINGFLD. DAYTON POWER & LIGHT CO.
FROM WEST VIRGINIA
FROM WEST VIRGINIA & JACKSON CO.
FROM WEST VIRGINIA & JACKSON CO.
E. VINTON & JACKSON CO.
TO CHILLICOTHE
CONN. GAS CO.
WHEELER
E-60 FROM WEST VIRGINIA
J-25 WEST VIRGINIA & JACKSON FIELD.
R-
E- VINTON FIELD.
G BUCKEYE LAKE FIELD.
A-A-49 FROM SUGAR GROVE STA
Z- DAYTON POWER & LT. CO.
B-60. COLUMBUS
B-25
A-A-49 CINCINNATI & DAYTON.
T-6-TOO TOLEDO.
H- ZANESVILLE.
C- CHILLICOTHE.
K-30 NEWARK
SUGAR GROVE.
CONN. GAS CO. 2-16"
R-280- 8 & 10"
A- TO WHEELER DIST.
FIELD.


TOLEDO
LAKE ERIE
LORAIN
SANDUSKY
FREMONT
ELYRIA
NORWALK
FOSTORIA
TIFFIN
CAREY
BUCYRUS
UPPER SANDUSKY
MANSFIELD
MARION
MT. GILEAD
MT. VERNON
DELAWARE
COSHOCTON
NEWCOMERSTOWN
SCIO
BARNESVILLE
ZANESVILLE
NEWARK
COLUMBUS
CROOKSVILLE
MT. STERLING
LOGAN
ATHENS
CHILLICOTHE
GREENFIELD
WELLSTON
DOMESTIC CONSUMPTION NORTH FIELD 3000 M PER DAY
DOMESTIC CONSUMPTION SOUTH FIELD 6000 M PER DAY
DOMESTIC CONSUMPTION UNITED FIELD 4030 M PER DAY
INDUSTRIAL SALES MARION ROAD 4000 M
CONNECTING GAS CO.
THE OHIO FUEL GAS CO.
DIAGRAM
SHOWING
COMP STA., PIPE LINES, DIR. OF FLOW & VOLUME
OF
GAS PRODUCED JAN. 13, 1929.
MEAN TEMPERATURE ON "M.S." DATE -4°

[fol. 4542] Co. Exhibit 23-A

Ohio Fuel Gas Company Deliveries Year 1929

Receipts

Total volume of gas delivered into Wheeler Compressing Station from all sources during 1929	33,374,431M
Total volume of West Virginia gas delivered into Wheeler Compressing Station as represented in above delivery	21,383,457M
Total volume of Ohio gas produced and purchased and delivered to Wheeler Compressing Station during year 1929	11,990,974M
Percent of West Virginia gas	64%
Percent of Ohio gas	36%

Deliveries

Wholesale sales:		
Columbus Gas & Fuel Co	6,993,512M	
Federal Gas Company	2,286,093	
Dayton Power & Light Co	6,545,411	
Union Gas & Electric	5,853,199	
Northwestern Ohio Nat. Gas Co	4,996,585	
Springfield Gas Company	1,704,685	
Central Indiana Gas Co	1,609,738	
Western Ohio Public Service Co	278,102	
City of Lancaster	356,686	
City of New Knoxville	2,502	
City of Tarlton	5,942	
City of Williamsport	14,779	30,647,234M
Retail sales:		5,555,773M
Grand total		36,203,007M

Summary

Total intake Wheeler Compressing Station		33,374,431M
Less fuel consumed Wheeler & Sugar Grove Comp. Sta		777,439M
Total volume of gas leaving Wheeler Comp. Sta. and delivered to markets		30,602,056M
Additional Ohio gas routed to supply Columbus, Cincinnati and Dayton markets (Sales	5,600,951M)	
(Leakage	361,049M)	5,962,000M
Total West Virginia gas delivered from Wheeler Compressing Station to above markets		19,622,299M
Total Ohio gas delivered from Wheeler Compressing Sta. and other Ohio sources and stations to above markets		16,580,708M
Percent West Virginia gas delivered to Columbus, Cincinnati, Dayton and part Toledo markets		54-2/10%
Percent Ohio production delivered to Columbus, Cincinnati, Dayton and part Toledo markets		45-8/10%

[fol. 4543] Co. Exhibit 23-B

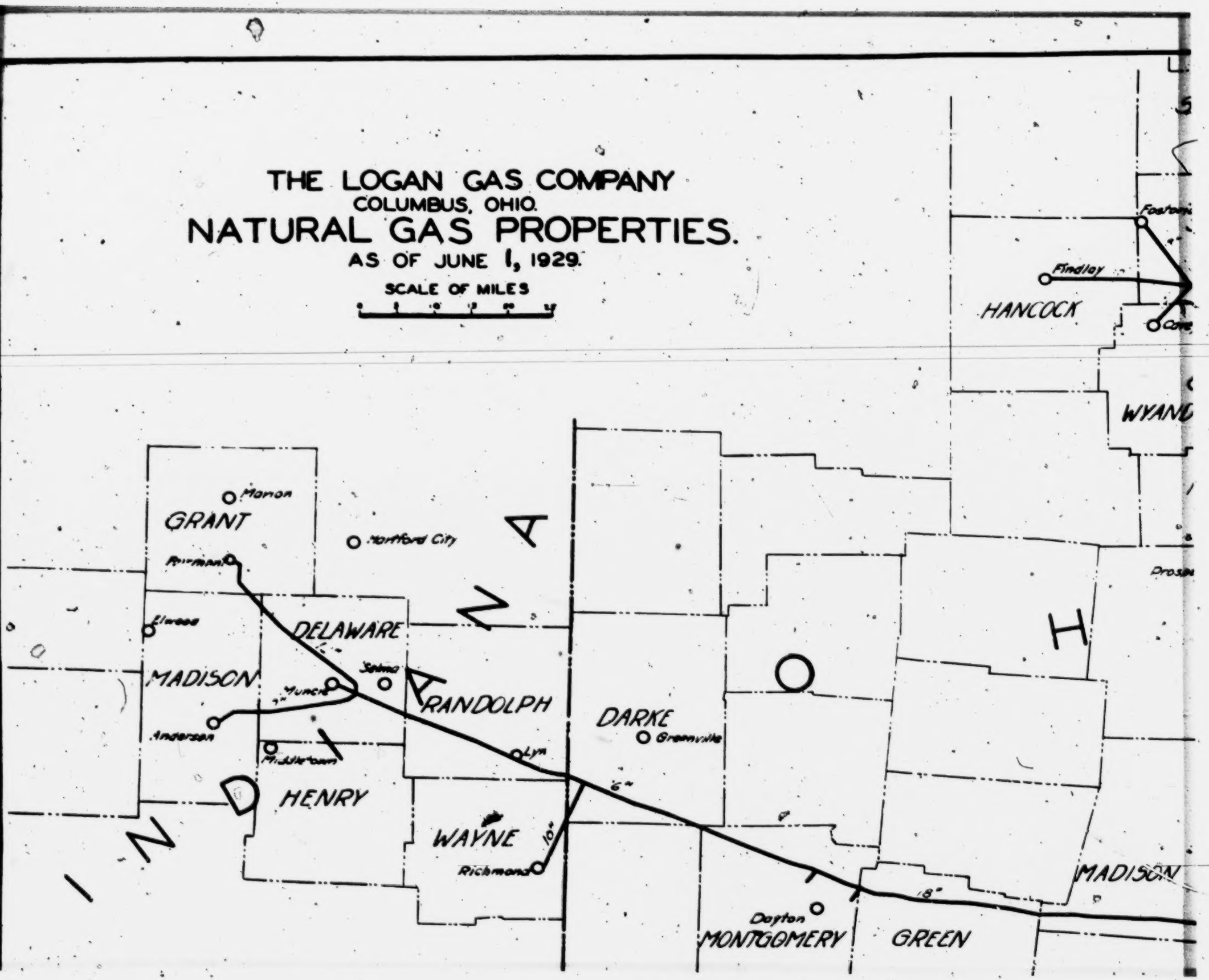
Lines

Intake lines Wheeler Comp. Sta.	Size line	Transporting gas from
E	18"	West Virginia and Vinton Co.
R	8 & 10"	" " " " "
R-25	12"	" " " " "
G	8"	Buckeye Lake District
E-60 & E	18 & 20"	West Virginia & Meigs Co.
A	18"	Sugar Grove Comp. Sta.

Discharge lines Wheeler Comp. Sta.		
A	18"	Dayton, Cincinnati & Ind.
B–25	12"	Columbus
B–50	16"	"
Z	10"	Springfield & Dayton Power & Light
K–30	10 & 16"	Newark & other markets
C	8"	Chillicothe & other markets
T	10"	Toledo " " "
T–50	10"	" " " "
Intake lines Sugar Grove Comp. Sta.		
2–Connecting Gas Co.	16"	West Virginia & Stewart fields
R–280	10"	Hocking Co., Ohio
Discharge lines Sugar Grove Comp. Sta.		
*A	18"	To Wheeler Comp. Sta.
Intake lines Treat Comp. Sta.		
L	16"	Medina, Ashland, Richland and Wayne
O–400	16"	Cambridge, Noble, Washington, Guernsey
L–52	12"	Knox, Licking
D	16"	From Pavonia
K–30	16"	From Sugar Grove
Discharge lines Treat Comp. Sta.		
B	12 & 18"	Columbus, Dayton and west markets
N	8"	Coshocton and other markets
M–21	6"	Mt. Vernon
K–30	16"	Newark & Sugar Grove
D	12 & 16"	Norwalk, Fremont, etc.

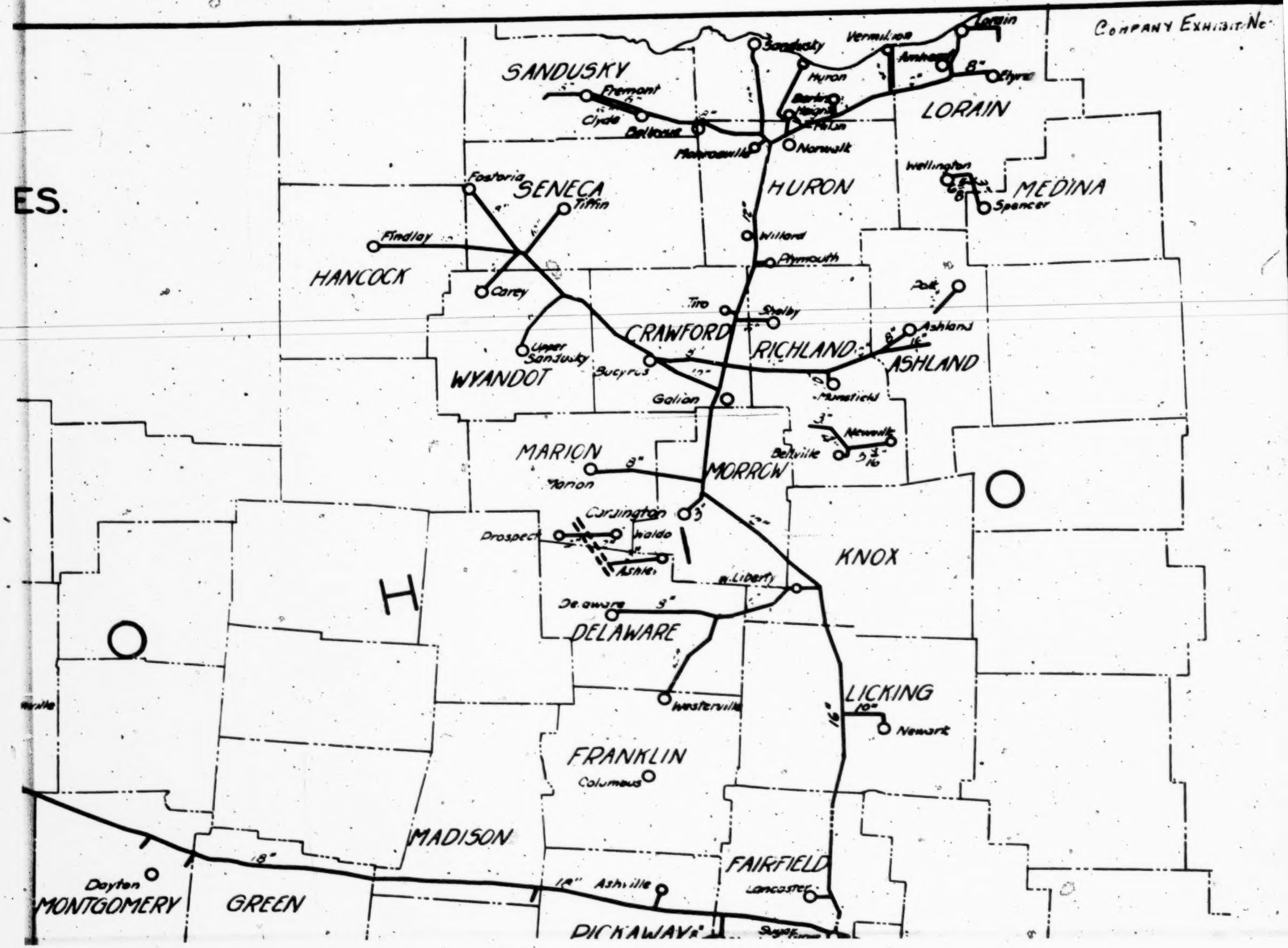
* Sugar Grove Compressing Station delivers all of its gas to Wheeler Compressing Station.

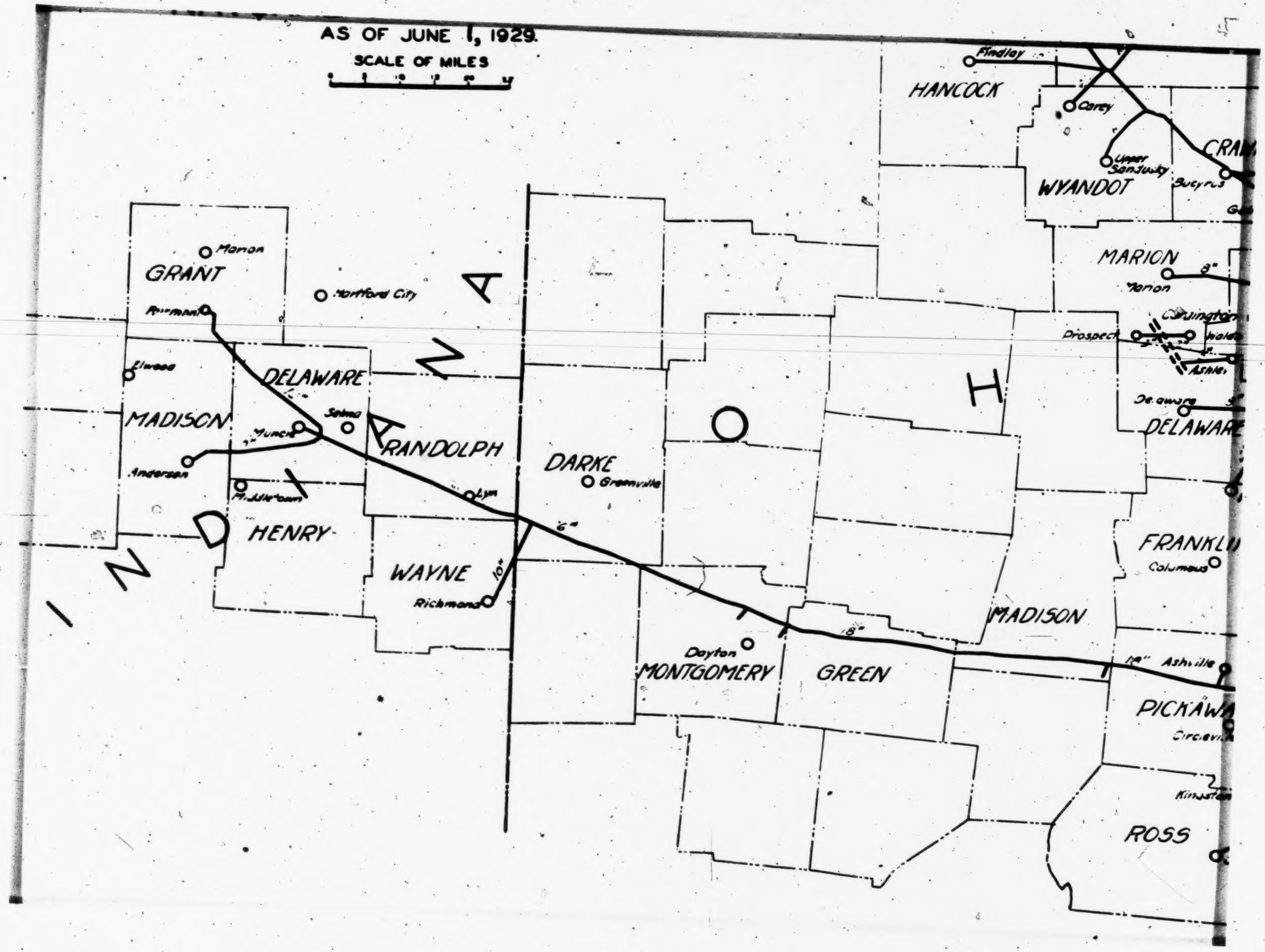
(Here follows Exhibit 23-C, side folio 4544)

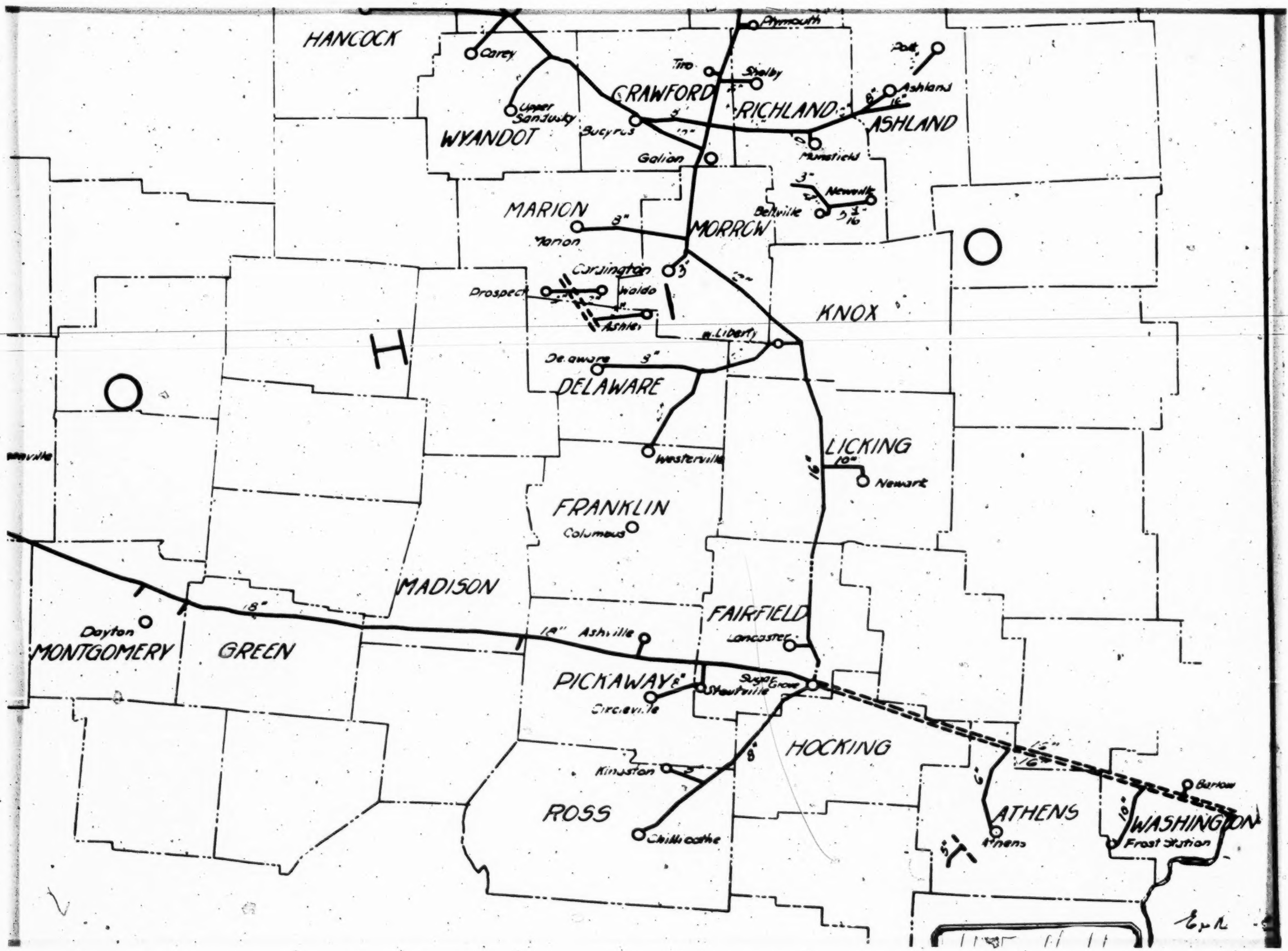

THE LOGAN GAS COMPANY
COLUMBUS, OHIO.
NATURAL GAS PROPERTIES.
AS OF JUNE 1, 1929.
SCALE OF MILES
HANCOCK
Findlay
WYAND
GRANT
Marion
Hartford City
Fairmont
Elwood
DELAWARE
MADISON
Muncie
Selma
RANDOLPH
Anderson
Middletown
Lyn
DARKE
Greenville
HENRY
WAYNE
Richmond
Dayton
MONTGOMERY
GREEN
MADISON
INDIANA
OHIO
6"
10"
18"

COMPANY EXHIBIT No.

ES.




AS OF JUNE 1, 1929.
SCALE OF MILES
INDIANA
OHIO
HANCOCK
Findlay
Carey
WYANDOT
Upper Sandusky
Bucyrus
MARION
Marion
Prospect
Ashley
DELAWARE
FRANKLIN
Columbus
MADISON
Ashville
PICKAWAY
Circleville
ROSS
Kingston
GRANT
Marion
Hartford City
Fairmont
Elwood
MADISON
Anderson
DELAWARE
Muncie
Selma
RANDOLPH
Lynn
HENRY
Middletown
WAYNE
Richmond
DARKE
Greenville
MONTGOMERY
Dayton
GREEN
6"
10"
18"
8"


HANCOCK
Carey
Upper Sandusky
WYANDOT
Bucyrus
CRAWFORD
Tiro
Shelby
Plymouth
Galion
RICHLAND
Mansfield
Ashland
ASHLAND
MARION
Marion
Belleville
Newark
MORROW
Corsington
Prospect
Waldo
Ashley
KNOX
Mt. Liberty
DELAWARE
Delaware
Westerville
LICKING
Newark
FRANKLIN
Columbus
MADISON
Dayton
MONTGOMERY
GREEN
Ashville
Lancaster
FAIRFIELD
PICKAWAY
Circleville
Stoutsville
Sugar Grove
HOCKING
Kingston
ROSS
Chillicothe
ATHENS
Athens
Burlow
WASHINGTON
Frost Station

[fol. 4545] Co. Ex. No. 76 (WAL.)

Ernst & Ernst, Accountants and Auditors, System Service, 27 Cedar Street, New York

Condensed Statement of Income and Expenses, Columbia Engineering and Management Corporation, for the Year Ended December 31, 1929

Income		
Engineering services	$653,394.68	
Operating services	3,092,037.72	
Other miscellaneous engineering and operating services	147,942.77	
Other sources	67,394.52	$3,960,769.69
Expenses		
Operating expenses	$1,989,176.76	
Depreciation	28,700.00	
Taxes	224,084.57	2,241,961.33
Net income for the year		$1,718,808.36

We have examined the books of account and record of Columbia Engineering and Management Corporation as at December 31, 1929, our examination including a general review of the operating accounts for the year then ended. Based on the records examined and information submitted to us, we hereby certify that the foregoing condensed statement of income and expenses was prepared from the books of the corporation and in our opinion shows the net income for the year ended December 31, 1929.

Ernst & Ernst.

February 9, 1931.

Our certificate of a report upon an audit or examination is delivered to client with the distinct understanding that any advertisement, publication, or copy therefrom, in full or in part, of such certificate or report, shall be in the form to be approved by us. As a preventive against fraud, attention is directed to the fact that all pages in this report should bear our water mark.

[fol. 4546] Co. Ex. No. 76 (WAL.)—(Continued)

Ernst & Ernst, Accountants and Auditors, System Service, 27 Cedar Street, New York

Condensed Statement of Income and Expenses, Columbia Engineering and Management Corporation, for the Year Ended December 31, 1930

Income		
From engineering services	$559,174.33	
From operating services	2,918,188.16	
From other miscellaneous engineering and operating services	328,043.53	
From other sources	48,805.71	$3,854,211.73
Expenses		
Operating expenses	$2,234,696.75	
Depreciation	27,600.00	
Taxes	182,510.92	2,444,807.67
Net income for the year		$1,409,404.06

We have examined the books of account and record of Columbia Engineering and Management Corporation as at December 31, 1930, our examination including a general review of the operating accounts for the year then ended. Based on the records examined and information submitted to us, we hereby certify that the foregoing condensed statement of income and expenses was prepared from the books of the corporation and in our opinion shows the net income for the year ended December 31, 1930.

Ernst & Ernst.

February 9, 1931.

Our certificate or report upon an audit or examination is delivered to client with the distinct understanding that any advertisement, publication, or copy therefrom, in full or in part, of such certificate or report, shall be in the form to be approved by us. As a preventive against fraud, attention is directed to the fact that all pages in this report should bear our water mark.

[fol. 4547] COMPANY EX. NO. 79 (WAL.)—(Continued)

Copy

Summary of Operating Expenses Columbia Engineering and Management Corporation for the Year Ended December 31, 1930

Departments:		
Accounting	$151,618.29	
Administration	601,123.95	
Appraisal and valuation	7,715.31	
Auditing	118,167.29	
Engineering—Electric	323,913.53	
Engineering—Gas	340,368.58	
Gas depletion	51,975.94	
Geological	20,220.47	
Insurance	21,029.55	
Legal	78,218.32	
New business	26,882.65	
Operating	88,718.83	
Purchasing	11,424.50	
Public relations	20,763.79	
Rate	41,591.71	
Research and laboratory	55,771.81	
Secretary	39,646.82	
Tax	23,958.73	
Treasury	68,359.20	$2,090,569.27
Undistributed:		
Rent, heat, light & power	70,287.92	
File clerks, office boys, etc.	20,470.75	Salaries
Telegraph and telephone	15,776.66	
Amortization of alterations	11,539.33	
Miscl. supplies & expenses	7,796.34	
Insurance	6,766.80	
Stationery and printing	5,922.65	
Miscellaneous	5,567.03	144,127.48
		$2,234,696.75

[fol. 4548] COMPANY EX. No. 79 (WAL.)—(Continued)

Copy

Operating Expenses Columbia Engineering and Management Corporation December 30, 1930

Accounting:		
Executive accountants' salaries	$23,389.40	
Budget & statistical salaries	8,564.37	
Other accounting salaries	43,714.38	
Clerical and stenographic	44,665.95	
Traveling expenses	23,938.97	
Stationery and printing	952.89	
Misc. supp. and expenses	6,392.33	
Total accounting		$151,618.29
Administration:		
Executive salaries	499,158.30	
Clerical and stenographic	27,871.72	
Traveling expenses	68,108.09	
Misc. supplies & expenses	5,985.84	
Total administration		601,123.95
Appraisal and valuation:		
Retainer and special services	7,715.31	
Total appraisal and valuation		7,715.31
Auditing:		
Auditors' and assistants' salaries	72,137.23	
Clerical and stenographic salaries	5,906.12	
Traveling expenses	33,851.66	
Misc. supplies & expenses	5,440.26	

[fol. 4549] COMPANY EX. No. 79 (WAL.)—(Conrinued)

Copy

Summary of Operating Expenses

Columbia Engineering and Management Corporation
For the Year Ended December 31, 1930

Stationery and printing		$832.02
Total auditing		$118,167.29
Engineering—Electric:		
Engineers and assistants	176,831.11	
Traveling and miscellaneous	4,884.64	
Salaries traveling & miscellaneous	38,900.73	
Services rendered without specific charge (including supplies and expense)	3,381.99	
Lost time	16,211.52	
Clerical & stenographic salaries	25,886.28	
Blue printing salaries	3,746.45	
Blue printing supplies & expense	3,078.56	
Drafting supplies & expenses	1,015.81	
Stationery & printing	1,683.65	
Retainers and special services	13,556.69	
Engineering societies—salaries & expenses—		
1. N. E. L. A. 3,697.00		
2. A. I. E. E.. 1,233.61		
4. Other 292.49	5,223.10	
Telephone & telegraph	3,697.96	
Library	294.83	
Rent, heat and light	13,748.85	
Injuries and damages	25.00	
[fol. 4550]		
Clients supplies & eqp. electric.	8,936.47	
Misc. supplies & expenses	1,909.89	
Total engineering electric		323,013.53

COMPANY EX. NO. 79 (WAL.)—(Continued)

Copy

Summary of Operating Expenses

Columbia Engineering and Management Corporation
For the Year Ended December 31, 1930

Engineering—Gas:		
Engineers and assistants		121,896.56
Traveling and miscellaneous		56,323.23
Salaries, traveling & miscl.		43,093.86
Services rendered without specific charge (including supplies & expenses)		12,686.21
Lost time		10,803.50
Clerical & stenographic salaries		12,260.49
Blue printing supplies & expense		3,590.72
Drafting supplies & expense		186.46
Stationery and printing		2,818.08
Retainers & special services		54,060.56
Engineering societies—		
A. G. A.	656.41	
4 other	161.89	818.30
Telephone, telegraph		1,450.04
Library		145.67
Rent, heat and light		9,177.99
Injuries & damages		5,979.00
Laboratory		3.26
Clients supplies & exp.—Gas		3,280.34
Misc. supplies & expenses		1,794.31
Total engineering—Gas		340,368.58

[fol. 4551]

Gas—Depletion:		
Salaries		38,575.84
Traveling expenses		4,790.96
Misc. supplies and expense		8,609.14
Total gas depletions		51,975.94

Geological:		
Geologists & assistants' salaries	18,000.00	
Traveling expenses	2,114.82	
Misc. supplies & expenses	105.65	
Total geological		20,220.47
Insurance:		
Salaries	7,070.00	
Commissions	900.00	
Clerical & stenographic salaries	5,704.81	
Traveling expense	2,693.29	
Stationery & printing	348.48	
Misc. supplies & expenses	3,316.09	
Retainer & special services	996.88	
Total insurance		21,029.55

[fol. 4552]

Light:		
Salaries	2,333.31	
Retainers & special services	49,114.86	
Clerical stenographic salaries	1,050.00	
Traveling expenses	2,424.46	
Misc. supplies & expenses	295.69	
Total legal		78,218.32
New business:		
Salaries	20,912.50	
Traveling expenses	4,030.13	
Misc. supplies & expenses	1,940.02	
Total new business		26,882.65
Operating:		
Salaries	77,188.89	
Clerical stenographic salaries	4,978.66	
Traveling expenses	1,410.68	
Misc. supplies & expenses	5,140.60	
Total operating		88,718.83

Purchasing:		
Director of purchases and assists' salaries	10,981.65	
Traveling expenses	240.73	
Misc. supplies & expenses	202.12	
Total purchasing		11,424.50

[fol. 4553]

Public relations:		
Salaries	13,501.49	
Traveling expenses	2,382.20	
Misc. supplies & expenses	3,266.15	
"Hail Columbia" make-up	835.79	
" " printing	536.48	
" " distribution.	241.68	
Total public relations		20,763.79
Rate:		
Salaries	29,605.89	
Legal & expert services & expenses	1,097.19	
Traveling expenses	7,590.15	
Misc. supplies & expenses	3,298.48	
Total rate		41,591.71
Research and laboratory:		
Salaries	15,023.20	
Special services & expenses	31,839.82	
Traveling expenses	1,996.30	
Misc. supplies & expenses	6,912.49	
Total research and laboratory		55,771.81

[fol. 4554]

Secretary:		
Secretary and asst. secy. salaries	36,366.73	
Clerical and stenographic salaries	2,275.00	

Traveling expense	632.16	
Misc. supplies & expenses	372.93	
Total secretary		39,646.82
Tax:		
Salaries	16,825.12	
Traveling expenses	3,926.20	
Misc. supplies & expenses	3,207.41	
Total tax		23,958.73
Treasury:		
Treasurer and asst. treasurer, salaries	57,074.87	
Clerical & stenographic salaries	4,400.00	
Traveling expenses	6,680.74	
Misc. supplies & expenses	203.59	
Total treasury		68,359.20
Undistributed:		
Reception file clerk's and office boys' salaries	20,470.75	
Periodicals	1,774.97	
Stationery & printing	5,922.65	
Misc. supplies & expenses	7,796.34	
Rent, heat, light & power	70,287.92	
Telephone and telegraph	15,776.66	
[fol. 4555]		
Postage	2,196.06	
Insurance	6,766.80	
Taxes, federal income	179,727.21	
Taxes, state, county & municipal	2,783.71	
Directors' fees	1,280.00	
Amortization of alterations	11,539.33	
Dues — Donations & expenses	316.00	
Depreciation	27,600.00	
Total undistributed		354,238.40
		$2,444,807.67

[fol. 4556]

Co. Exhibit 93-A

The Columbus Gas & Fuel Company

Statement Showing Monthly Sales by Classes and Average Daily Sales by Months; and Load Factor by Classes on Various Bases

	Year—1927		Year—1928		Year—1929		Year—1930	
	Monthly sales M. C. F.	Average daily sales M. C. F.	Monthly sales M. C. F.	Average daily sales M. C. F.	Monthly sales M. C. F.	Average daily sales M. C. F.	Monthly sales M. C. F.	Average daily sales M. C. F.
	Residential, Commercial & Public Sales							
January	703,421	22,691	726,549	23,437	746,254	24,073	778,156	25,102
February	616,618	22,022	686,168	23,661	802,096	28,646	771,435	27,551
March	605,926	19,546	697,769	22,509	746,437	24,079	679,050	21,905
April	521,921	17,397	641,128	21,371	575,697	19,190	641,298	21,377
May	441,450	14,240	530,751	17,121	491,601	15,858	413,218	13,330
June	348,315	11,611	389,533	12,984	424,712	14,157	338,934	11,298
July	253,285	8,170	271,817	8,768	279,106	9,003	256,624	8,278
August	215,174	6,941	205,784	6,638	242,610	7,826	220,995	7,129
September	247,436	8,248	220,981	7,366	252,009	8,400	256,417	8,547
October	290,452	9,369	341,468	11,015	377,433	12,175	370,522	11,952
November	417,987	13,933	468,167	15,606	693,833	23,128	585,605	19,520
December	549,325	17,720	620,523	20,017	757,467	24,434	664,265	21,428
Total residential, commercial & public sales	5,211,310		5,800,638		6,389,255		5,976,519	
	Industrial Sales							
January	19,365	842	20,383	886	28,132	1,223	26,698	1,161
February	23,167	1,158	27,047	1,288	29,929	1,496	28,140	1,407
March	20,194	878	24,676	1,073	26,190	1,139	25,411	1,105
April	25,485	1,158	24,753	1,125	29,202	1,327	26,752	1,216
May	24,741	1,076	25,270	1,099	27,635	1,202	26,526	1,153
June	24,677	1,122	27,198	1,236	28,200	1,282	24,797	1,127

July	22,385	973	26,557	1,155	24,682	1,073	23,756	1,033
August	21,604	939	25,952	1,128	25,718	1,118	19,173	834
September	24,822	1,128	28,908	1,314	26,004	1,182	22,152	1,007
October	26,694	1,161	26,505	1,152	27,659	1,203	23,606	1,026
November	27,532	1,251	26,856	1,221	29,477	1,340	24,324	1,106
December	20,551	894	27,245	1,185	23,686	1,030	25,768	1,120
Total industrial sales	281,217		311,350		326,514		297,103	
Total sales, all classes	5,492,527		6,111,938		6,715,769		6,273,622	

* Based on actual number of days in each month.
** Based on actual number of days in each month less eight.

Load factor				
Based on average day of class maximum month:	%	%	%	%
Residential, commercial & public sales	62.92	66.98	61.11	59.43
Industrial sales	83.57	87.76	81.14	78.50
Load factor				
Based on average day of system maximum month:				
Residential, commercial & public sales	62.92	66.98	61.11	59.43
Industrial sales	124.16	89.53	81.14	78.50
Load factor				
Based on maximum day of system				
Residential, commercial & public sales	.....	.....	52.08	42.26
Industrial sales	.....	.....	90.25	86.49

[fol. 4557] CITY EXHIBIT 6

The Columbia Gas & Electric Corporation

Subsidiary Companies As Of December 31, 1929

Big Marsh Oil Company.
Bracken County Gas Company.
Central Kentucky Nat'l Gas Co.
The Cincinnati Gas & Elect. Co.
Cincinnati Gas Transportation Co.
Cincinnati, Newport and Covington Light and Traction Company.
The Cincinnati, Newport & Covington Railway Company.
Columbia Corporation.
Columbia Engineering & Management Corp.
Columbia Industrial Company.
Columbia Securities Company.
The Columbus Gas & Fuel Company.
Cumberland & Allegheny Gas Company.
The Dayton Power & Light Company.
Eastern Pipe Line Company.
The Edgewater Gas & Light Company.
Fayette County Gas Company.
The Federal Gas & Fuel Company.
The Gas & Electric Appliance Company.
Greensboro Gas Company.
Greensboro Gas Corporation.
The Hamilton Service Company.
The Harrison Electric & Water Co.
Home Gas Company.
Huntington Development & Gas Company.
Huntington Gas Company.
The Keystone Gas Company, Inc.
The Licking River Bridge Company.
The Loveland Light & Water Company.
Manufacturers Gas Company.
The Manufacturers Light and Heat Company.
The Miami Development Company.
Natural Gas Company of West Virginia.
New Cumberland Water & Gas Company.
The Northwestern Ohio Natural Gas Co.
The Ohio Fuel Gas Company.
The Ohio Fuel Supply Company.
Pennsylvania Fuel Supply Company.
Point Marion Natural Gas Company.

Point Pleasant Natural Gas Company.
The Preston Oil Company.
Reserve Oil Corporation.
The Southwestern Ohio Power Company.
The Springfield Gas Company.
The Union Gas & Electric Company.
The Union Light, Heat & Power Co.
United Fuel Gas Company.
Virginian Gasoline & Oil Company.
Warfield Natural Gas Company.

[fol. 4558]

CITY EXHIBIT No. 11

The Columbus Gas & Fuel Company

Directors	December 31, 1927	Officers
S. S. Allen, Jr.	Chairman of Board	Fred W. Crawford
Fred W. Crawford	President	Raymond Cross
Raymond Cross	Vice President	T. B. Gregory
J. F. Curry	Vice President	J. M. Garard
J. M. Garard	Vice President	F. H. Crawford
T. B. Gregory	Vice President	S. S. Allen, Jr.
John G. Pew	Secretary	David E. Mitchell
	Treasurer	L. A. Seyffert
	Assistant Secretary	R. J. Burkhalter
	Assistant Secretary	P. A. Balliet
	Assistant Secretary	P. A. Alberty
	Assistant Treasurer	H. Stehley
	Assistant Treasurer	P. A. Balliet
	Assistant Treasurer	A. W. Horne
	Assistant Treasurer	E. C. Sharpe

Directors	December 31, 1928	Officers
S. S. Allen, Jr.	Chairman of Board	Fred W. Crawford
Fred W. Crawford	President	Raymond Cross
Raymond Cross	Vice President	T. B. Gregory
J. F. Curry	Vice President	F. H. Crawford
J. M. Garard	Vice President	T. H. Kerr
T. B. Gregory	Vice President	S. S. Allen, Jr.
John G. Pew	Vice President	J. M. Garard
T. H. Kerr	Secretary	P. A. Alberty
L. A. Seyffert	Treasurer	L. A. Seyffert
	Assistant Secretary	P. A. Balliet
	Assistant Secretary	R. J. Burkhalter
	Assistant Treasurer	P. A. Balliet
	Assistant Treasurer	A. W. Horne
	Assistant Treasurer	E. C. Sharpe

Directors	December 31, 1929	Officers
S. S. Allen, Jr.	Chairman of Board	Fred W. Crawford
Fred W. Crawford	President	Raymond Cross
Raymond Cross	Vice President	F. H. Crawford
J. F. Curry	Vice President	T. B. Gregory
J. M. Garard	Vice President	T. H. Kerr
T. B. Gregory	Vice President	S. S. Allen, Jr.
T. H. Kerr	Vice President	J. M. Garard
John G. Pew	Secretary	P. A. Alberty
L. A. Seyffert	Treasurer	L. A. Seyffert
	Assistant Secretary	P. A. Balliet
	Assistant Treasurer	P. A. Balliet
	Assistant Treasurer	A. W. Horne
	Assistant Treasurer	E. C. Sharpe

CITY EXHIBIT No. 11—Continued

Directors	December 31, 1930	Officers
S. S. Allen, Jr.	Chairman of Board	Fred W. Crawford
Fred W. Crawford	President	Raymond Cross
Raymond Cross	Vice Pres. & Gen. Mgr.	C. I. Weaver
J. M. Garard	Vice President	T. B. Gregory
T. B. Gregory	Vice President	T. H. Kerr
T. H. Kerr	Vice President	S. S. Allen, Jr.
John G. Pew	Vice President	J. M. Garard
L. A. Seyffert	Secretary	P. A. Alberty
C. I. Weaver	Treasurer	L. A. Seyffert
	Assistant Secretary	P. A. Balliet
	Assistant Treasurer	P. A. Balliet
	Assistant Treasurer	N. E. Shupe
	Assistant Treasurer	E. C. Sharpe

[fol. 4559] The Ohio Fuel Gas Company

Directors	December 31, 1927	Officers
Geo. W. Crawford	Chairman of Board	Fred W. Crawford
Fred W. Crawford	President	Raymond Cross
Frank H. Crawford	Vice President	T. B. Gregory
Raymond Cross	Vice President	J. M. Garard
John M. Garard	Vice President	F. H. Crawford
Phillip G. Gossler	Vice President	D. M. Wilson
Thomas B. Gregory	Secretary	David E. Mitchell
John G. Pew	Treasurer	L. A. Seyffert
Donald M. Wilson	Assistant Secretary	R. J. Burkhalter
	Assistant Secretary	P. A. Balliet
	Assistant Secretary	P. A. Alberty
	Assistant Treasurer	H. Stehley
	Assistant Treasurer	P. A. Balliet
	Assistant Treasurer	A. W. Horne

Directors	December 31, 1928	Officers
Geo. W. Crawford	Chairman of Board	Fred W. Crawford
Fred W. Crawford	President	Raymond Cross
F. H. Crawford	Vice President	T. B. Gregory
Raymond Cross	Vice President	J. M. Garard
J. M. Garard	Vice President	F. H. Crawford
P. G. Gossler	Vice President	T. H. Kerr
T. B. Gregory	Vice President	D. M. Wilson
T. H. Kerr	Vice President	K. C. Krick
John G. Pew	Secretary	P. A. Alberty
L. A. Seyffert	Treasurer	L. A. Seyffert
D. M. Wilson	Assistant Secretary	P. A. Balliet
	Assistant Secretary	R. J. Burkhalter
	Assistant Treasurer	P. A. Balliet
	Assistant Treasurer	A. W. Horne

Directors	December 31, 1929	Officers
F. H. Crawford	Chairman of Board	Fred W. Crawford
Fred W. Crawford	President	Raymond Cross
Geo. W. Crawford	Vice President	F. H. Crawford
Raymond Cross	Vice President	J. M. Garard
J. M. Garard	Vice President	T. B. Gregory
P. G. Gossler	Vice President	T. H. Kerr
T. B. Gregory	Vice President	K. C. Krick
T. H. Kerr	Secretary	P. A. Alberty
K. C. Krick	Treasurer	L. A. Seyffert
John G. Pew	Assistant Secretary	P. A. Balliet
L. A. Seyffert	Assistant Secretary	R. J. Burkhalter
	Assistant Secretary	H. H. Pell, Jr.
	Assistant Treasurer	P. A. Balliet
	Assistant Treasurer	F. B. Flahive
	Assistant Treasurer	A. W. Horne

CITY EXHIBIT No. 11—Continued

December 31, 1930

Directors	Officers
Fred W. Crawford	Chairman of Board — Fred W. Crawford
Geo. W. Crawford	President — Raymond Cross
Raymond Cross	Vice Pres. & Gen. Mgr. — C. I. Weaver
J. M. Garard	Vice President — J. M. Garard
P. C. Gossler	Vice President — T. B. Gregory
T. B. Gregory	Vice President — T. H. Kerr
T. H. Kerr	Vice President — K. C. Krick
K. C. Krick	Secretary — P. A. Alberty
W. L. McCloy	Treasurer — L. A. Seyffert
John G. Pew	Assistant Secretary — H. H. Pell, Jr.
L. A. Seyffert	Assistant Secretary — P. A. Balliet
	Assistant Treasurer — F. B. Flahive
	Assistant Treasurer — P. A. Balliet
	Assistant Treasurer — N. E. Shupe

[fol. 4560]

The Federal Gas and Fuel Company

December 31, 1927

Directors	Officers
Geo. A. Archer	Chairman of Board — Fred W. Crawford
F. W. Crawford	President — Raymond Cross
J. F. Curry	Vice President — T. B. Gregory
Raymond Cross	Vice President — J. M. Garard
J. M. Garard	Vice President — F. H. Crawford
	Vice President — S. S. Allen, Jr.
	Secretary — David E. Mitchell
	Treasurer — L. A. Seyffert
	Assistant Secretary — P. A. Alberty
	Assistant Secretary — P. A. Balliet
	Assistant Secretary — R. J. Burkhalter
	Assistant Treasurer — H. Stehley
	Assistant Treasurer — P. A. Balliet
	Assistant Treasurer — A. W. Horne
	Assistant Treasurer — E. C. Sharpe

December 31, 1928

Directors	Officers
George Archer	Chairman of Board — Fred W. Crawford
Fred W. Crawford	President — Raymond Cross
Raymond Cross	Vice President — T. B. Gregory
J. F. Curry	Vice President — J. M. Garard
J. M. Garard	Vice President — T. H. Kerr
T. H. Kerr	Vice President — F. H. Crawford
L. A. Seyffert	Vice President — S. S. Allen, Jr.
	Secretary — P. A. Alberty
	Treasurer — L. A. Seyffert
	Assistant Secretary — P. A. Balliet
	Assistant Secretary — R. J. Burkhalter
	Assistant Treasurer — P. A. Balliet
	Assistant Treasurer — A. W. Horne
	Assistant Treasurer — E. C. Sharpe

December 31, 1929

Directors	Officers
Geo. A. Archer	Chairman of Board — Fred W. Crawford
Fred W. Crawford	President — Raymond Cross
Raymond Cross	Vice President — F. H. Crawford
J. F. Curry	Vice President — T. B. Gregory
J. M. Garard	Vice President — T. H. Kerr
T. H. Kerr	Vice President — S. S. Allen, Jr.
L. A. Seyffert	Vice President — J. M. Garard
	Secretary — P. A. Alberty
	Treasurer — L. A. Seyffert
	Assistant Secretary — P. A. Balliet
	Assistant Treasurer — P. A. Balliet
	Assistant Treasurer — A. W. Horne
	Assistant Treasurer — E. C. Sharpe

CITY EXHIBIT No. 11—Continued

Directors	December 31, 1930	Officers
Fred W. Crawford	Chairman of Board	Fred W. Crawford
Raymond Cross	President	Raymond Cross
J. M. Garard	Vice Pres. & Gen. Mgr.	C. I. Weaver
T. H. Kerr	Vice President	T. B. Gregory
L. A. Seyffert	Vice President	T. H. Kerr
C. I. Weaver	Vice President	S. S. Allen, Jr.
O. J. Wilkinson	Vice President	J. M. Garard
	Secretary	P. A. Alberty
	Treasurer	L. A. Seyffert
	Assistant Secretary	P. A. Balliet
	Assistant Treasurer	N. E. Shupe
	Assistant Treasurer	E. C. Sharpe

[fol. 4561] The Preston Oil Company

Directors	December 31, 1927	Officers
Fred. W. Crawford	Chairman of Board	Fred W. Crawford
Raymond Cross	President	Raymond Cross
Thomas B. Gregory	Vice President	T. B. Gregory
W. W. Freeman	Vice President	F. H. Crawford
K. C. Krick	Vice President	K. C. Krick
John G. Pew	Vice President	D. M. Wilson
Donald M. Wilson	Secretary	David E. Mitchell
	Treasurer	L. A. Seyffert
	Assistant Secretary	R. J. Burkhalter
	Assistant Secretary	P. A. Balliet
	Assistant Secretary	P. A. Alberty
	Assistant Treasurer	H. Stehley
	Assistant Treasurer	P. A. Balliet
	Assistant Treasurer	A. W. Horne

Directors	December 31, 1928	Officers
Fred W. Crawford	Chairman of Board	Fred W. Crawford
Raymond Cross	President	Raymond Cross
W. W. Freeman	Vice President	T. B. Gregory
T. B. Gregory	Vice President	F. H. Crawford
T. H. Kerr	Vice President	D. M. Wilson
K. C. Krick	Vice President	K. C. Krick
J. G. Pew	Secretary	P. A. Alberty
L. A. Seyffert	Treasurer	L. A. Seyffert
D. M. Wilson	Assistant Secretary	P. A. Balliet
	Assistant Secretary	R. J. Burkhalter
	Assistant Treasurer	P. A. Balliet
	Assistant Treasurer	A. W. Horne

Directors	December 31, 1929	Officers
Fred W. Crawford	Chairman of Board	Fred W. Crawford
Raymond Cross	President	Raymond Cross
W. W. Freeman	Vice President	F. H. Crawford
T. H. Kerr	Vice President	T. B. Gregory
K. C. Krick	Vice President	K. C. Krick
W. L. McCloy	Secretary	P. A. Alberty
John G. Pew	Treasurer	L. A. Seyffert
L. A. Seyffert	Assistant Secretary	P. A. Balliet
T. B. Gregory	Assistant Treasurer	P. A. Balliet
	Assistant Treasurer	A. W. Horne

Directors	December 31, 1930	Officers
Fred W. Crawford	Chairman of Board	Fred W. Crawford
Raymond Cross	President	Raymond Cross
T. B. Gregory	Vice President	T. B. Gregory
T. H. Kerr	Vice President	T. H. Kerr
K. C. Krick	Vice President	K. C. Krick
W. L. McCloy	Secretary	P. A. Alberty
John G. Pew	Treasurer	L. A. Seyffert
L. A. Seyffert	Assistant Secretary	P. A. Balliet
O. J. Wilkinson	Assistant Treasurer	P. A. Balliet
	Assistant Treasurer	N. E. Shupe

[fol. 4562] December 31, 1930.

Columbia Engineering and Management Corporation

Officers

Chairman: George W. Crawford
President: Philip C. Gossler.
Vice-Pres. & General Manager: Hubert C. Blackwell.
Vice-Presidents: Fred W. Crawford, Thomas B. Gregory, John G. Pew, Edward Reynolds, Jr., Thomas R. Weymouth, Don M. Wilson.
Secretary: Edward Reynolds, Jr.
Treasurer: Francis B. Flahive.
Assistant Secretary: Jacob R. Harvin, Howland H. Pell, Jr.
Assistant Treasurer: Polk Laffon, J. Edward Davey, H. Edwin Olsen.
Auditor: Andrew J. Newman.

Directors: H. G. Blackwell, Fred W. Crawford, G. W. Crawford, Raymond Cross, P. G. Gossler, T. B. Gregory, O. H. Hutchings, John G. Pew, G. W. Ratcliffe, E. Reynolds, Jr., Frank M. Tait, H. A. Wallace, Thomas R. Weymouth.

[fol. 4563] December 31, 1929.

Columbia Engineering and Management Corporation

Officers

Chairman: G. W. Crawford.
President: P. G. Gossler.
Vice-Presidents: F. W. Crawford, W. W. Freeman, T. B. Gregory, J. G. Pew.
Vice-President & Gen. Mgr.: E. Reynolds, Jr.
Secretary: E. Reynolds, Jr.
Treasurer: F. B. Flahive.
Assistant Secretary: H. H. Pell, Jr.
Assistant Treasurer: Polk Laffon.
Auditor: A. J. Newman.
Directors: H. C. Blackwell, F. W. Crawford, G. W. Crawford, Raymond Cross, W. W. Freeman, P. G. Gossler, T. B. Gregory, O. H. Hutchings, John G. Pew, Geo. W. Ratcliffe, E. Reynolds, Jr., F. M. Tait, H. A. Wallace.

[fol. 4564] December 31, 1928.

Columbia Engineering and Management Corporation

Officers

Chairman: G. W. Crawford.
President: P. G. Gossler.
Vice-Presidents: F. W. Crawford, W. W. Freeman, T. B. Gregory, John G. Pew, E. Reynolds, Jr.
Secretary: E. Reynolds, Jr.
Treasurer: F. B. Flahive.
Assistant Treasurer: Polk Laffon.
Auditor: A. J. Newman.
Directors: H. C. Blackwell, F. W. Crawford, G. W. Crawford, Raymond Cross, C. W. DeForest, W. W. Freeman, H. Goodwin, Jr., P. J. Gossler, O. H. Hutchins, D. M. Moffat, John G. Pew, G. W. Ratcliffe, E. Reynolds, Jr., F. M. Tait, H. A. Wallace, T. B. Gregory.

[fol. 4565] December 31, 1927.

Columbia Engineering and Management Corporation

Officers

Chairman: G. W. Crawford.
President: P. G. Gossler.
Vice-Presidents: F. W. Crawford, W. W. Freeman, T. B. Gregory, John G. Pew.
Secretary and Treasurer: E. Reynolds, Jr.
Assistant Treasurer: Polk Laffon.
Auditor: R. G. Irvine.
Assistant Auditor: A. J. Newman.
Directors: H. C. Blackwell, F. W. Crawford, G. W. Crawford, Raymond Cross, C. W. DeForest, W. W. Freeman, H. Goodwin, Jr., P. G. Gossler, O. H. Hutchings, John G. Pew, D. M. Moffat, G. W. Ratcliffe, E. Reynolds, Jr., F. M. Tait, H. A. Wallace, T. B. Gregory.

[fol. 4566] December 31, 1930.

Columbia Gas & Electric Corporation

Officers

Chairman: George W. Crawford.
President: Philip G. Gossler.

Executive Vice-President: Edward Reynolds, Jr.

Vice-President-: Hubert C. Blackwell, Fred W. Crawford, Thomas B. Gregory, John G. Pew.

Secretary: Edwards Reynolds, Jr.

Treasurer: Francis B. Flahive.

Assistant Secretary: David E. Mitchell, Howland H. Pell, Jr.

Assistant Treasurer: George W. Ratcliffe.

Directors: Clarence M. Brown, Murray H. Coggeshall, Bernard C. Cobb, Fred W. Crawford, George W. Crawford, Harry J. Crawford, Marshall Field, Philip G. Gossler, Thomas B. Gregory, Joseph W. Harriman, George H. Howard, James M. Hutton, Henry C. McEldowney, Charles A. Munroe, John G. Pew, Thomas W. Phillips, Jr., William C. Potter, Samuel Y. Ramage, Harold Stanley.

[fol. 4567]

December 31, 1929.

Columbia Gas & Electric Corporation

Officers

Chairman: George W. Crawford.

President: Philip G. Gossler.

Vice-President: Fred W. Crawford, W. W. Freeman, T. B. Gregory, John G. Pew, E. Reynolds, Jr.

Secretary: E. Reynolds, Jr.

Treasurer: Francis B. Flahive.

Assistant Secretary: David E. Mitchell, Howland H. Pell, Jr.

Assistant Treasurer: George W. Ratcliffe.

Directors: Clarence M. Brown, Murray H. Coggeshall, Fred W. Crawford, George W. Crawford, Harry J. Crawford, Leslie B. Denning, Marshall Field, Philip G. Gossler, Thomas B. Gregory, Joseph W. Harriman, James M. Hutton, H. C. McEldowney, Charles A. Munroe, John G. Pew, William P. Philips, Thomas W. Philips, Jr., William C. Potter, Samuel Y. Ramage, Harold Stanley.

[fol. 4568] December 31, 1928.

Columbia Gas & Electric Corporation

Officers

Chairman: George W. Crawford.
President: Philip G. Gossler.
Vice-President-: Fred W. Crawford, W. W. Freeman, T. B. Gregory, John G. Pew, E. Reynolds, Jr.
Secretary: E. Reynolds, Jr.
Treasurer: Francis B. Flahive.
Assistant Secretary-: David E. Mitchell, Howland H. Pell, Jr.
Assistant Treasurer: George W. Ratcliffe.
Auditor: Ralph G. Irvine.
Directors: Clarence M. Brown, Murray H. Coggeshall, Fred W. Crawford, George W. Crawford, Leslie B. Denning, Marshall Field, Philip G. Gossler, Thomas B. Gregory, Joseph W. Harriman, James M. Hutton, H. C. McEldowney, John G. Pew, William P. Phillips, Samuel Y. Ramage, Harold Stanley.

[fol. 4569] December 31, 1927.

Columbia Gas & Electric Corporation

Officers

Chairman: George W. Crawford.
President: Philip G. Gossler.
Vice-President: Fred W. Crawford, Leslie B. Denning, W. W. Freeman, T. B. Gregory, John G. Pew.
Secretary & Treasurer: E. Reynolds, Jr.
Assistant Secretary: David E. Mitchell.
Assistant Treasurer: George W. Ratcliffe.
Auditor: R. G. Irvine.
Directors: Clarence M. Brown, Murray H. Coggeshall, Fred W. Crawford, George W. Crawford, Leslie B. Denning, Marshall Field, Philip G. Gossler, Thomas B. Gregory, Joseph W. Harriman, James M. Hutton, H. C. McEldowney, John G. Pew, William P. Philips, Samuel Y. Ramage, Harold Stanley.

[fol. 4570]

December 31, 1930.

United Fuel Gas Company

Officers

Chairman: J. G. Pew.
President: H. A. Wallace.
Vice-President-: E. A. Clark, E. Reynolds, Jr.
Secretary: E. Reynolds, Jr.
Treasurer: F. B. Flahive.
Assistant Secretary-: A. J. Flynn, W. J. Hightower, H. H. Pell, Jr.
Assistant Treasurer-: W. J. Hightower, F. A. Jesser, R. A. Robertson.
Directors: F. W. Crawford, G. W. Crawford, Raymond Cross, P. G. Gossler, T. B. Gregory, John G. Pew, H. A. Wallace.

[fol. 4571]

December 31, 1929.

United Fuel Gas Company

Officers

Chairman: J. G. Pew.
President: H. A. Wallace.
Vice-President-: S. F. Magor, E. Reynolds, Jr.
Secretary: E. Reynolds, Jr.
Treasurer: F. B. Flahive.
Assistant Secretary-: A. J. Flynn, W. J. Hightower, H. H. Pell, Jr.
Assistant Treasurer-: W. J. Hightower, F. A. Jesser, R. A. Robertson.
Directors: F. W. Crawford, G. W. Crawford, W. W. Freeman, P. G. Gossler, T. B. Gregory, J. C. Pew, H. A. Wallace.

[fol. 4572]

December 31, 1928,

United Fuel Gas Company

Officers

Chairman: J. G. Pew.
President: H. A. Wallace.

Vice-President-: P. G. Gossler, S. F. Magor.
Secretary and Treasurer: E. Reynolds, Jr.
Assistant Secretary-: W. J. Hightower, W. R. Kay.
Assistant Treasurer-: F. B. Flahive, W. J. Hightower, F. A. Jesser, W. R. Kay, R. A. Robertson.
Directors: F. W. Crawford, G. W. Crawford, W. W. Freeman, P. G. Gossler, T. B. Gregory, John C. Pew, H. A. Wallace.

[fol. 4573] December 31, 1927.

United Fuel Gas Company

Officers

Chairman: J. G. Pew.
President: H. A. Wallace.
Vice-President: P. G. Gossler.
Secretary and Treasurer: E. Reynolds, Jr.
Assistant Secretary-: W. J. Hightower, W. R. Kay.
Assistant Treasurer-: F. B. Flahive, W. J. Hightower, W. R. Kay.
Directors: F. W. Crawford, G. W. Crawford, W. W. Freeman, P. G. Gossler, T. B. Gregory, J. G. Pew, Harold Stanley, H. A. Wallace.

[fol. 4574] December 31, 1930.

Huntington Gas Company

Officers

Chairman: J. G. Pew.
President: H. A. Wallace.
Vice-President-: E. A. Clark, E. Reynolds, Jr.
Secretary: E. Reynolds, Jr.
Treasurer: F. B. Flahive.
Assistant Secretary-: A. J. Flynn, W. J. Hightower, H. H. Pell, Jr.
Assistant Treasurer-: W. J. Hightower, F. A. Jesser.
Directors: Raymond Cross, P. G. Gossler, J. G. Pew, E. Reynolds, Jr., H. A. Wallace.

[fol. 4575] December 31, 1928.

Huntington Gas Company

Officers

Chairman: John G. Pew.
President: H. A. Wallace.
Vice-President-: W. W. Freeman, P. G. Gossler.
Secretary and Treasurer: N. Reynolds, Jr.
Assistant Secretary-: W. J. Hightower, W. R. Kay.
Assistant Treasurer-: F. B. Flahive, W. J. Hightower, W. R. Kay.
Directors: W. W. Freeman, P. G. Gossler, John G. Pew, E. Reynolds, Jr., H. A. Wallace.

[fol. 4576] December 31, 1927.

Huntington Gas Company

Officers

Chairman: John G. Pew.
President: H. A. Wallace.
Vice-President: P. G. Gossler.
Secretary and Treasurer: E. Reynolds, Jr.
Assistant Secretary and Assistant Treasurer: W. J. Hightower, W. R. Kay.
Assistant Treasurer-: F. I. Falk, F. B. Flahive.
Directors: W. W. Freeman, P. G. Gossler, John G. Pew, E. Reynolds, Jr., H. A. Wallace.

[fol. 4577] December 31, 1930.

The Gas and Electric Appliance Company

Officers

Chairman: P. G. Gossler.
President: B. H. Gardner.
Vice-President-: C. E. Bennett, H. C. Blackwell, Raymond Cross, O. H. Hutchins, J. A. Mayers, G. W. Ratcliffe, E. Reynolds, Jr., H. A. Wallace.
Secretary: E. Reynolds, Jr.

Treasurer: F. B. Flahive.

Assistant Secretary-: P. A. Alberty, W. J. Hightower, O. W. Howland, Polk Laffoon, C. C. Lamb, D. E. Mitchell, H. H. Pell, Jr., W. A. Powell.

Assistant Treasurer-: P. A. Balliet, G. F. Brenner, F. T. Griest, W. N. Grinstead, H. C. Lytle, R. B. Milne, W. A. Powell, R. A. Robertson, W. P. Sadler.

Directors: H. C. Blackwell, Raymond Cross, B. H. Cardner, P. G. Gossler, G. W. Ratcliffe, F. M. Tait, H. A. Wallace.

[fol. 4578] December 31, 1929.

The Gas and Electric Appliance Company

Officers

Chairman: P. G. Gossler.
President: W. W. Freeman.
Vice-Pres. & Gen. Manager: B. H. Gardner.
Secretary: E. Reynolds, Jr.
Treasurer: F. B. Flahive.
Assistant Secretary: H. H. Pell, Jr.
Assistant Treasurers: George F. Brenner, F. T. Griest, W. J. Hightower, A. W. Horne, O. E. Howland, Polk Laffoon, H. C. Lytle, J. A. Mayers, J. W. Liebegott, W. A. Powell, R. A. Robertson, W. P. Sadler.

Directors

H. C. Blackwell, Raymond Cross, W. W. Freeman, P. G. Gossler, G. W. Ratcliffe, F. M. Tait, H. A. Wallace.

[fol. 4579] December 31, 1928.

The Gas and Electric Appliance Company

Officers

Chairman: P. G. Gossler.
President: W. W. Freeman.
Vice-Pres. & Gen. Manager: B. H. Gardner.
Secretary: E. Reynolds, Jr.
Treasurer: F. B. Flahive.
Assistant Secretary: H. H. Pell, Jr.

Assistant Treasurers: George F. Brenner, F. T. Griest, W. J. Hightower, A. W. Horne, O. E. Howland, Polk Laffoon, H. O. Lytle, W. A. Powell, F. F. Roberts, B. A. Robertson, H. E. Seibert.

Directors

H. C. Blackwell, Raymond Cross, W. W. Freeman, P. G. Gossler, G. W. Ratcliffe, F. M. Tait, H. A. Wallace.

[fol. 4580]

December 31, 1927.

The Gas and Electric Appliance Company

Officers

Chairman: P. G. Gossler.
President: H. C. Blackwell.
Vice-President: Polk Laffoon.
Secretary & Treasurer: E. Reynolds, Jr.
Assistant Secretary: A. F. Flocken.
Assistant Treasurers: Ray E. Backus, A. F. Flocken.

Directors

H. C. Blackwell, W. W. Freeman, P. C. Gossler, Polk Laffoon, L. K. Langdon.

[fol. 4581]

City Exhibit No. 18

The Preston Oil Company

Gasoline Department

Statement Showing Result of Operations for Year Ended December 31, 1929

		Year ended December 31, 1929
Numbers of gallons sold		8,505,381.00
Total revenue received		$686,393.20
Operating expenses and taxes		388,087.95
Income Available for annual allowance for replacements, retirements, amortization, interest and dividend requirements		$298,305.25
Gasoline investment (book cost)		$1,360,987.51
Annual fixed charges:		
Allowance for return, 8.0%	$108,879.00	
Allowance for replacements, retirements, etc., 2.0%	27,219.75	
Allowance for amortization 6.0%	81,659.25	
	$217,758.00	

[fol. 4582] CITY EXHIBIT No. 18A

The Preston Oil Company

Gasoline Department

Statement Showing Result of Operations for Years Ended December 31, 1929 and 1930

	Year ended December 31, 1929	Year ended December 31, 1930
Number of gallons sold	8,505,381	6,365,968
Total revenue received	$686,393.20	$422,327.97
Operating expenses and taxes	388,087.95	252,455.94
Income available for annual allowance for replacements, retirements, amortization, interest and dividend requirements	$298,305.25	$169,872.03
Gasoline investment (book cost)	$1,360,987.51	$1,252,711.36
Annual fixed charges:		
Allowance for return 8.0%	$108,87[illegible]	$100,216.91
Allowance for replacements, retirements, etc., 2.0%	27,21[illegible].75	25,054.23
Allowance for amortization, 6.0%	81,659.25	75,162.68
	$217,758.00	$200,433.82

[fol. 4583] CITY EX. No. 21

Columbia Gas & Electric Corporation and Subsidiary Companies

Annual Report, 1930

[fol. 4584] Columbia Gas & Electric Corporation and Subsidiary Companies

Annual Report for the Year Ended December 31, 1930

[fol. 4584a] Columbia Gas & Electric Corporation

Officers

Philip G. Gossler, President.
George W. Crawford, Chairman of the Board.
Edward Reynolds, Jr., Executive Vice-President & Secretary.
Hubert C. Blackwell, Vice-President.
Fred W. Crawford, Vice-President.
Robert H. Delafield, Vice-President.

Thomas B. Gregory, Vice-President.
John G. Pew, Vice-President.
Francis B. Flahive, Treasurer.
David E. Mitchell, Assistant Secretary.
Howland H. Pell, Jr., Assistant Secretary.
George W. Ratcliffe, Assistant Treasurer.

Operating Group Executives

Hubert C. Blackwell, President Cincinnati Group Companies.

Raymond Cross, President Columbus Group Companies.

Charles E. Bennett, Vice-President Binghamton Group Companies.

George W. Ratcliffe, President Pittsburgh Group Companies.

Frank M. Tait, President Dayton Group Companies.

Harry A. Wallace, President Charleston Group Companies.

Directors: Clarence M. Brown, Philadelphia, Pa.; Bernard C. Cobb, New York, N. Y.; Murray H. Coggeshall, New York, N. Y.; Fred W. Crawford, Columbus, Ohio; George W. Crawford, Pittsburgh, Pa.; Harry J. Crawford, Emlenton, Pa.; Marshall Field, New York, N. Y.; Philip G. Gossler, New York, N. Y.; Thomas B. Gregory, Pittsburgh, Pa.; Joseph W. Harriman, New York, N. Y.; George H. Howard, New York, N. Y.; James M. Hutton, Cincinnati, Ohio; Henry C. McEldowney, Pittsburgh, Pa.; Charles A. Munroe, Chicago, Ill.; John G. Pew, Philadelphia, Pa.; Thomas W. Phillips, Jr., Butler, Pa.; William C. Potter, New York, N. Y.; Samuel Y. Ramage, Oil City, Pa.; Harold Stanley, New York, N. Y.

Executive Committee: Fred W. Crawford, George W. Crawford, Philip G. Gossler, Thomas B. Gregory, George H. Howard, James M. Hutton, Charles A. Munroe, John G. Pew, Harold Stanley.

[fol. 4585] Annual Report of Columbia Gas & Electric Corporation for the Year Ended December 31, 1930

To the Shareholders:

The Directors present herewith the Annual Report covering the operations of Columbia Gas & Electric Corporation and its subsidiary companies for the year 1930.

In addition to the consolidated statements of Earnings and Balance Sheets of Columbia Gas & Electric Corporation and its subsidiary companies, this report includes various statistical exhibits and maps which show the territory served with gas and electricity, the operating gas fields, the main gas pipe lines including the line now under construction through Virginia and the electric transmission lines.

Operations

The operating properties of Columbia System, a description of which is included in the statistical exhibits, are divided into six principal groups. These groups are directed from six major operating centers, Cincinnati, Columbus and Dayton, Ohio; Charleston, West Virginia; Pittsburgh, Pennsylvania; and Binghamton, New York. The properties are all interconnected and thoroughly integrated and constitute a single operating unit.

Extensions and Acquisitions

The 132,000 volt electric transmission line has been completed, connecting the main steam-electric generating station of The Cincinnati Gas & Electric Company, a Columbia System subsidiary, and the hydro-electric generating station of The Louisville Gas & Electric Company, and has been placed in operation pursuant to a contract which provides for interchange of off-peak and surplus power, resulting in the postponement of much larger capital expenditures for both companies.

In the Annual Report for the year 1929 reference was made to the contract to purchase the common stock of Binghamton Gas Works at Binghamton, New York. This [fol. 4585a] purchase was subsequently approved by the Public Service Commission of the State of New York, and natural gas has been introduced for mixture in Binghamton.

Contracts were entered into, subject to the approval of the Public Service Commission of the State of New York, for acquisition of the Empire Gas & Fuel Company and associated companies, owning gas fields and distribution properties serving at retail approximately 11,000 gas customers in and around Wellsville and Hornell, New York,

and for the acquisition of Consumers Natural Gas Company, owning gas fields and distribution properties in and around Watkins Glen, New York. The Public Service Commission has not yet granted the necessary authority for the acquisition of these properties.

Late in the year 1930 the Corporation purchased all of the outstanding stock of Bridge Gas Company, Howe Oil and Gas Company, Northern Gas Company and Northern Industrial Gas Company, holding various pipe line rights-of-way, industrial contracts, gas production and unoperated leasehold acreage in the Kentucky fields. In connection with this acquisition a majority of the stock of American Fuel and Power Company was purchased. This latter Company is a holding company which, through subsidiaries, also owns gas production and unoperated leasehold acreage in the Kentucky fields. Two of the subsidiaries of American Fuel and Power Company, namely, Inland Gas Corporation and Kentucky Fuel Gas Corporation, had been previously financed principally through sales of bonds and debentures to the public. Earnings from the operations of these companies proved to be insufficient to cover the interest charges on these obligations and defaults occurred in interest payments of Kentucky Fuel Gas Corporation due December 1, 1930, and of Inland Gas Corporation due February 1, 1931. Receivers have been appointed for both of these companies. On January 1, 1931, the holding company, American Fuel and Power Company, defaulted in the interest payment on its Notes, but up to the present time no petition for receivership has been made. Protective committees have been organized representing the holders of these defaulted issues. In view of the fact that receivers are in control of these operations and that the future financial and operating plans for these three companies depend on the outcome of the receiverships, American Fuel and Power Company is not included in the list of subsidiaries later shown in this report, and its financial reports are not consolidated with Columbia System subsidiaries.

Business Expansion

During the year a contract was concluded between The Dayton Power and Light Company, a Columbia System subsidiary, and the Ohio Electric Power Company, under

which a substantial amount of electric energy will be delivered to the latter at points near Sydney and Covington, Ohio.

Contracts have also been entered into during the year to supply natural gas at wholesale to the gas companies serving Washington, D. C., and York, Pennsylvania. A 20-[fol. 4586] inch pipe line to Washington from the existing lines of the Columbia System in southern Pennsylvania has been completed (note map) and natural gas is now being delivered for mixing purposes at both of these points.

Construction has been started on a 20-inch pipe line extending from the gas fields in eastern Kentucky and West Virginia through the state of Virginia northward to Washington to serve the intervening territory, to assure continuity of supply to Washington and other consuming points, and to make natural gas available to the great industrial markets along the eastern seaboard. Work on this project is being carried on as rapidly as weather conditions permit during this winter and is of assistance to the communities concerned in affording employment to a large number of local men.

In anticipation of further expansion of the System's gas business, arrangements have been made for the purchase by the Corporation, or its subsidiaries, of a substantial supply of natural gas from a pipe line being constructed to transport natural gas eastward from the producing fields in the Panhandle Districts of Texas and Oklahoma and in Southwestern Kansas. In consummation of these arrangements, Columbia Gas & Electric Corporation has made secured loans of $28,627,652.24 to Columbia Oil & Gasoline Corporation to assist the latter in its acquisition of a substantial interest in said pipe line, which is described more fully in the report of Columbia Oil & Gasoline Corporation to its own stockholders.

Substantial expenditures have been made to provide these facilities for reaching new markets and to provide additional reserves of natural gas. Earnings for 1930 do not reflect the benefits to be derived from these expenditures.

Segregation of Oil and Gasoline Properties

The Board of Directors on April 4, 1930, adopted a Plan, which had been under consideration for some time, effect-

ing the segregation as of January 1, 1930, of the oil and gasoline properties of Columbia System from its public utility business. To this end, all of the oil properties and gasoline plants of the System, except four gasoline plants owned and operated by Columbia Gas & Electric Corporation itself, were assembled in four subsidiaries of Columbia System. All stock and indebtedness of these four companies, held by Columbia Gas & Electric Corporation, were then transferred to Columbia Oil & Gasoline Corporation (a corporation newly formed for this purpose) and contracts were then executed between the various gas producing companies of Columbia System and the oil companies providing for reciprocal rights for oil and gas operations in the same fields. Other contracts granted to the gasoline companies the right to extract gasoline and other hydrocarbons from the natural gas produced by the companies of Columbia System.

[fol. 4586a] In consideration for such transfers Columbia Oil & Gasoline Corporation issued to Columbia Gas & Electric Corporation its entire initial issues of Capital Stocks consisting of:

337,500 Shares of Cumulative $6 First Preferred Stock,
337,500 Shares of Cumulative $6 Second Preferred Stock,
2,340,655 Shares of Common Stock, without par value.

All of both issues of these Preferred Stocks are owned by Columbia Gas & Electric Corporation.

The entire issue of 2,340,655 shares of Common Stock of the Columbia Oil & Gasoline Corporation has been deposited under a voting trust agreement and voting trust certificates were distributed on June 30, 1930, to holders of Common Stock of Columbia Gas & Electric Corporation in the ratio of one share for each five shares of Common Stock of the Columbia Gas & Electric Corporation held of record May 24, 1930. The voting trust is to continue for ten years unless sooner terminated in the discretion of the Voting Trustees, who also have the power to extend the voting trust for an additional period not exceeding ten years, if permitted by law, and have the power to amend the charter of the oil and gasoline Corporation so as to give its Preferred Stocks such voting rights as they deem expedient.

The total annual cumulative dividend requirements of the Preferred Stocks of Columbia Oil & Gasoline Corporation are approximately equal to the total net earnings in the year 1929 of the companies and properties received in exchange for its preferred and common stock as outlined above after giving effect to the terms of the new contracts. Therefore it is obvious that, until the annual net earnings of these properties and companies exceed their 1929 earning power, and the cumulative provisions of the Preferred Stocks have been satisfied, there will be no earnings available for dividends on the Common Stock of Columbia Oil & Gasoline Corporation, and that holders of securities of Columbia Gas & Electric Corporation will continue to benefit from the earnings of these properties to the full extent of their earning power up to the amount earned in 1929.

Financing

As of February 15, 1930, 869,773 additional shares of Common Stock of Columbia Gas & Electric Corporaition were issued upon completion of payment of the subscription price pursuant to rights issued during 1929.

The major part of the System's financial requirements arose through expenditures made in the latter part of the year when it was not considered advisable to finance these requirements by the sale of securities. The Corporation, therefore, came to the end of the year with a substantial amount of bank loans.

[fol. 4587] During January, 1931, most of these loans were permanently financed by the sale to the public, through a banking syndicate, of $50,000,000 principal amount of Gold Debenture Bonds, 5% Series due 1961, of Columbia Gas & Electric Corporation.

As the Balance Sheet at December 31, 1930, does not reflect the receipt of the proceeds of this financing, there is also included in this report the same Balance Sheet at December 31, 1930, adjusted to give effect to the issuance of the new Bonds and the application of the funds received from the sale thereof.

Capitalization

The following table, details of which are shown in the schedule in the back of this report, sets forth the capitaliza-

tion of Columbia System at December 31, 1930, and also adjusted to give effect to the sale of $50,000,000 Gold Debenture Bonds, 5% Series due 1961, referred to in the preceding paragraph.

Columbia System Capitalization, Showing Securities in Hands of Public and Adjusted to Give Effect to the Sale of $50,000,000 Gold Debenture Bonds, 5% Series due 1961, Dated January 15, 1931.

Security	Actual December 31, 1930			Adjusted as above		
	No. of issues	Amount	% of total	No. of issues	Amount	% of total
Subsidiary companies:						
Funded debt	14	$56,053,200	12.8	14	$56,053,200	11.4
Preferred stocks	7	48,620,200	11.0	7	48,620,200	9.9
Minority common stocks and surplus applicable thereto	7	738,915	.2	7	738,915	.2
Total	28	$105,412,315	24.0	28	$105,412,315	21.5
Columbia Gas & Electric Corporation:						
Debenture bonds	2	53,323,300	12.1	3	103,323,300	21.1
Preferred stocks	2	98,661,200	22.5	2	98,661,200	20.2
Common stock (no par at stated value)	1	181,947,984	41.4	1	181,947,984	37.2
Total system capitalization	33	$439,344,799	100.0	34	$489,344,799	100.0

Earnings

The business depression from which the entire country has suffered throughout the year resulted in a marked decrease in the consumption of gas and electricity for industrial purposes.

During the year most items of operating expenses have been reduced, except in certain gas department classifications where control of the expenses depends on the volume [fol. 4587a] of service to be rendered in the immediately succeeding years rather than on the volume of current sales. In these classifications, increased expenses have been incurred in connection with the provision of additional supplies of gas for future expansion of the business from which commensurate earnings have not yet been derived. This is in accordance with the policy which has been pursued for many years past in the operation of the properties.

The decreased volume of gas sold has caused curtailment of production from Columbia System's own gas fields, as the result of which charges for depletion have also decreased.

The earnings from oil and gasoline operations, which were transferred to Columbia Oil & Gasoline Corporation

as of January 1, 1930, have been adversely affected by the economic conditions which have prevailed during the year in the oil, gasoline and natural gas businesses. Essentially all of these earnings in 1930 have been received by Columbia Gas & Electric Corporation in the form of four full quarterly dividends on the First Preferred Stock and one quarterly dividend on the Second Preferred Stock of Columbia Oil & Gasoline Corporation.

Early in the year a new form of income statement was adopted to show more clearly the balance of earnings available to the parent Corporation from utility operations. This balance, together with the income from other operations (gas and electric appliance stores, etc.) and the other income of the parent Corporation itself, provides the total income available for fixed charges of Columbia Gas & Electric Corporation..

To afford a basis for comparison, the earnings as previously reported for the years 1928 and 1929 have been restated and are shown on the new form for the first time. As they are thus presented, the segregation of the oil and gasoline business, which actually took place during the year 1930, has been treated as if it had been in effect for the preceding two years. While this method of reporting affects the form of the statement of earnings of utility subsidiary companies and other subsidiary companies, it does not affect the balance available for fixed charges of the parent Corporation. Your attention is called to the explanatory footnotes appended to the Income Statement.

Dividends

During the year 1930 dividends were regularly paid in cash on the Cumulative Preferred Stock of Columbia Gas & Electric Corporation, both 6% and 5% series. Quarterly dividends upon the Common Stock were also paid in cash at the annual rate of $2 per share. The 25% dividend payable in Common Stock declared by the Board of Directors in November, 1929, was paid on March 31, 1930, to Common Shareholders of Columbia Gas & Electric Corporation of record at the close of business February 28, 1930.

By order of the Board of Directors.

Philip G. Gossler, President.

Wilmington, Delaware, February 10, 1931.

[fol. 4588]

Columbia Gas & Electric Corporation and Subsidiary Companies

Comparative Consolidated Income Statement

	For the years ended		
	Dec. 31, 1930	Dec. 31, 1929*	Dec. 31, 1928*
Utility operations			
Gross revenue:			
Gas	$65,537,274.34	$69,521,783.08	$65,859,223.66
Electric	27,245,145.43	27,103,527.42	24,482,987.79
Railway	1,859,576.90	2,032,147.10	2,066,138.94
Other operations	1,487,811.73	1,671,417.80	2,122,543.33
Total gross revenues	$96,129,808.40	$100,328,875.40	$94,530,893.72
Operating expenses	48,022,351.45	46,903,971.23	44,300,312.85
Provision for renewals, replacements and depletion	8,138,473.40	8,874,470.06	8,935,048.36
Taxes	7,607,418.59	7,950,588.77	7,270,679.59
Total operating expenses	$63,768,243.44	$63,729,030.06	$60,506,040.80
Net operating revenue	$32,361,564.96	$36,599,845.34	$34,024,852.92
Other income	398,678.56	376,423.26	553,020.01
Gross corporate income	$32,760,243.52	$36,976,268.60	$34,577,872.93
Interest on securities of subsidiaries, etc	2,908,401.92	3,022,823.89	3,460,846.11
Preferred dividends of subsidiaries and earnings applicable to minority common stocks	2,566,087.52	2,439,113.97	2,155,190.15
Balance applicable to Columbia Gas & Electric Corporation, inter-company items eliminated	$27,285,754.08	$31,514,330.74	$28,961,836.67
Other operations			
Income applicable to Columbia Gas & Electric Corporation, inter-company items eliminated	393,792.58	211,440.37	122,884.99
Columbia Gas & Electric Corp.			
Net revenue, inter-company items eliminated†	2,606,985.55	3,865,297.33	3,291,131.62
Total before fixed charges	$30,286,532.21	$35,591,068.44	$32,375,853.28

Interest charges, etc.	3,787,778.23	3,429,929.18	3,220,269.48
Consolidated net income	$26,498,753.98	$32,161,139.26	$29,155,583.80
Preferred dividends paid	$5,879,990.50	$5,751,473.50	$5,657,719.50
Balance	$20,618,763.48	$26,409,665.76	$23,497,864.30
Common dividends paid	$21,744,253.25	$16,876,945.25	$16,821,722.50
Common shares outstanding, December 31	11,684,220¼ shs.	10,596,530 shs.‡	10,539,662 shs.‡
Earnings per share	$1.76	$2.49‡	$2.23‡

* 1928 and 1929 figures restated in new form for comparative purposes.

† Includes dividends on preferred stocks of Columbia Oil & Gasoline Corporation for 1930; and for the years 1928 and 1929 includes net income derived from oil and gasoline operations.

‡ Figures for 1928 adjusted to give effect to division of shares at the rate of 2½ for 1, which occurred subsequent to December 31, 1928, and figures for 1928 and 1929 adjusted to give effect to 25% dividend paid in common stock on March 31, 1930.

NOTE: The corporation's investment in American Fuel and Power Company is carried under "Investments" in the annexed balance sheet and the company's deficit assignable to the corporation's stock ownership since acquisition (amounting to $123,571.06) is not consolidated in the above statement.

[fol. 4589] Columbia Gas & Electric Corporation and Subsidiary Companies

Adjusted Consolidated Balance Sheet as of December 31, 1930

After Giving Effect to the Issuance in January, 1931, of $50,000,000 Gold Debenture Bonds, 5% Series Due 1961, and Application of Proceeds to Reduction of Bank Loans

Assets		
Property:		
Comprising electric generating stations, high voltage electric and high pressure gas transmission lines, electric and gas distribution systems, gas and coal fields, real estate and office buildings, leaseholds, cost over par value of securities of subsidiaries, etc.		$594,007,280.62
Contracts to purchase entire capital stocks of other utilities		3,300,000.00
Investments:		
In related, affiliated and other companies and 70,157 shares of common stock (at market) of Columbia Gas & Electric Corporation		46,826,678.12
Current and working assets:		
Cash	$11,794,640.39	
Notes receivable	1,025,742.96	
Accounts receivable	10,126,556.02	
Interest and dividends receivable	1,046,163.27	
Materials and supplies, etc	6,667,819.45	
Marketable securities (at market)	864,879.76	
		31,525,801.85
Note receivable (secured):		
Advances to Columbia Oil & Gasoline Corporation, due October 22, 1931		28,627,652.24
Special funds, deposits, etc		771,140.07
Cash impounded pending rate decisions		2,549,196.36
Deferred charges:		
Prepaid accounts	$1,595,065.94	
Unamortized debt discount and expense	7,700,703.05	
Other deferred charges	2,402,877.35	
		11,698,646.34
		$719,306,395.60
Liabilities		
Capital stock:		
Subsidiary companies:		
Preferred stocks		$48,620,200.00
Minority common stocks and surplus applicable thereto		738,914.90
Columbia Gas & Electric Corporation:		
Preferred stock, cumulative, 6% series A	$94,907,900.00	
Less in Treasury	176,500.00	
		94,731,400.00
Preferred stock, cumulative, 5% series	$4,046,600.00	
Less in Treasury	116,800.00	
		3,929,800.00
Common stock, No. par—11,684,220¼ shares		181,947,983.97

Funded debt:		
Bonds of subsidiary companies	$56,053,200.00	
Bonds of Columbia Gas & Electric Corporation:		
5% gold debenture, due May 1, 1952	50,000,000.00	
5% gold debenture, due April 15, 1952	3,323,300.00	
Gold debenture, 5% series, due January 15, 1961	50,000,000.00	
		159,376,500.00
Purchase money obligation—due August 1, 1931		2,400,000.00
Current and accrued liabilities:		
Notes and loans payable	$19,601,333.82	
Accounts payable	4,140,151.49	
Accrued taxes, interest, etc	7,658,606.19	
		31,400,091.50
Securities of Columbia Gas & Electric Corporation reserved for purchase of capital stocks of other utilities		3,300,000.00
Deferred credits:		
Consumers' service deposits	$1,938,093.29	
Other deferred credits	1,613,401.32	
		3,551,494.61
Contingent earnings pending rate decisions		5,185,560.40
Reserves for renewals and replacements, depletion, etc		123,302,882.38
Surplus		55,821,567.84
		$719,306,395.60

We have examined the books of account and record of Columbia Gas & Electric Corporation (Delaware) as at December 31, 1930 and have reviewed reports as at that date by its subsidiary companies, the books of which have not been examined by us.

We hereby certify that, based on the records examined and the reports of subsidiaries and information submitted to us and subject to the final determination of the liability for Federal taxes, in our opinion the foregoing adjusted consolidated balance sheet shows the financial condition of the combined companies at the date stated as it would have appeared had the above stated transaction been then consummated.

February 10, 1931. Ernst & Ernst, Certified Public Accountants.

fol. 4589a]

Columbia Gas & Electric Corporation and Subsidiary Companies

Consolidated Balance Sheet

December 31, 1930

Assets

Property		$594,007,280.62
Contracts to purchase entire capital stocks of other utilities		3,300,000.00
Investments: In related, affiliated and other companies and 70,157 shares of common stock (at market) of Columbia Gas & Electric Corporation		46,826,678.12
Current and working assets:		
Cash	$11,339,277.23	
Notes, accounts, interest and dividends receivable	12,198,462.25	
Materials and supplies, etc	6,667,819.45	
Marketable securities (at market)	864,879.76	
		31,070,438.69

Note receivable (secured): Advances to Columbia Oil & Gasoline Corporation, due October 22, 1931		28,627,652.24
Special funds, deposits, etc		771,140.07
Cash impounded pending rate decisions		2,549,196.36
Deferred charges:		
Unamortized debt discount and expense	$5,200,703.05	
Prepaid accounts and other deferred charges	3,997,943.29	
		9,198,646.34
		$716,351,032.44

Liabilities		
Capital stock:		
Preferred and minority common stocks of subsidiaries including proportion of surplus applicable thereto	$49,359,114.90	
Preferred, cumulative, 6% series A, less in Treasury	94,731,400.00	
Preferred, cumulative, 5% series, less in Treasury	3,929,800.00	
Common, no Par—11,684,220¼ shares	181,947,983.97	
		$329,968,298.87
Funded and other debt		111,776,500.00
Current and accrued liabilities:		
Notes and loans payable	$66,645,970.66	
Accounts payable	4,140,151.49	
Accrued taxes, interest, etc	7,658,606.19	
		78,444,728.34
Securities of Columbia Gas & Electric Corp. reserved for purchase of capital stocks of other utilities		3,300,000.00
Deferred credits		3,551,494.61
Contingent earnings pending rate decisions		5,185,560.40
Reserves for renewals and replacements, depletion, etc		128,302,882.38
Surplus		55,821,567.84
		$716,351,032.44

We have examined the books of account and record of Columbia Gas & Electric Corporation (Delaware) as at December 31, 1930 and have reviewed reports as at that date by its subsidiary companies, the books of which have not been examined by us.

We hereby certify that, based on the records examined and the reports of subsidiaries and information submitted to us and subject to the final determination of the liability for Federal taxes, in our opinion the foregoing consolidated balance sheet shows the financial conditions of the combined companies at the date stated and that the relative consolidated income statement shows the results of operations for the year ended December 31, 1930.

February 10, 1931. Ernst & Ernst, Certified Public Accountants.

[fol. 4590]

Columbia Gas & Electric Corporation and Subsidiary Companies

Consolidated Surplus Account

Year Ended December 31, 1930

Balance—January 1, 1930:			
Unappropriated		$57,117,925.18	
Appropriated for transfer to capital for dividend payable in stock March 31, 1930		36,404,861.21	
			$93,522,786.39
Less dividend paid in common stock—March 31, 1930			36,383,831.97
Adjusted balance			$57,138,954.42
Additions:			
Net income for year ended December 31, 1930	$26,498,753.98		
Minority interest in net income	47,274.04		
		$26,546,028.02	
Deductions:			
Cash dividends paid:			
Columbia Gas & Electric Corporation:			
Preferred	$5,879,990.50		
Common	21,744,253.25		
To minority stockholders	52,418.76		
	$27,676,662.51		
Miscellaneous debits—net	186,752.09	27,863,414.60	1,317,386.58
Balance—December 31, 1930			$55,821,567.84

[fol. 4590a] Columbia System

Comparative Operating Statistics

Annual Sales

(Inter-Company Items Eliminated)

	1930	1929
Cubic feet of gas	132,148,546,000	144,644,017,000
Kilowatt hours of electricity	1,033,662,931	1,060,966,452
Railway passengers carried	36,265,978	39,630,600

General

Territory Served

	1930	1929
Number of communities	1,206	1,066
Population in excess of	5,000,000	5,000,000

Number of Customers

Gas	1,034,211	1,011,733
Electric	316,468	314,676
Water	8,449	8,139
Heating	807	811
Total	1,359,935	1,335,359

Electric Department

Electric Generating Stations

	1930	1929
Capacity (kv-a.)	500,613	500,613

Substations

Number	115	109
Capacity (kv-a.)	925,550	844,125

Electric Lines (Circuit Miles)

Transmission	1,367	1,212

Gas Department

Gas rights (acres)

	1930	1929
Operated	851,820	806,381
Reserve	7,142,486	5,095,653
Total	7,994,306	5,902,034

Gas wells

Producing	9,527	9,187

Compressor stations

Number	110	106
Capacity (h.p.)	197,500	189,695

Pipe lines (miles)

	1930	1929
Field	4,703*	5,313
Transmission	12,112	11,012
Distribution	11,612	11,004
Total	28,427	27,329

Gas manufacturing plants

Daily capacity (cu. ft.)	51,350,000	40,650,000

Gas holders

Capacity (cu. ft.)	32,885,500	24,115,000

* Decrease due to reclassification.

[fol. 4591] Brief Description of Operating Properties Constituting the Six Operating Groups

Charleston Group

United Fuel Gas Company is the principal gas company in the Charleston Group, producing and transporting natural gas and distributing it at retail in Huntington, Charleston and 77 other cities and towns in West Virginia and Ohio, and selling natural gas at wholesale to companies serving important sections of Pennsylvania, Ohio and Kentucky.

Central Kentucky Natural Gas Company produces, transports and distributes natural gas, serving Lexington, Winchester, Mt. Sterling and other communities in central Kentucky, and sells at wholesale to the company supplying Frankfort. An unique feature of this company's property is an underground reservoir for storage of gas, with a capacity of six billion cubic feet.

Other operating companies in this group which both produce and distribute natural gas are Warfield Natural Gas Company operating in the eastern part of Kentucky, and Huntington Development and Gas Company serving Huntington and adjacent towns in West Virginia.

Huntington Gas Company, operating by lease the properties of Cincinnati Gas Transportation Company, transports and sells natural gas at wholesale to the companies in the Cincinnati Group. Point Pleasant Natural Gas Company and Bracken County Gas Company own and operate small local distribution plants in Point Pleasant, W. Va., and Foster, Ky., respectively.

The Charleston Group as a whole controls gas rights in 3,493,312 acres, operates 2,476 producing gas wells, and serves 88,275 gas customers in a territory extending from central and southern West Virginia into eastern Kentucky, and also sells large volumes of natural gas at wholesale. Wood Coal Company, in which Columbia System has a 50% stock interest, but which is operated independently, produces a high grade of steam coal available by contract to the electric generating and gas manufacturing plants of Columbia System. Big Marsh Oil Company holds leasehold rights in West Virginia.

Cincinnati Group

Operations of the Cincinnati Group cover the southwestern portion of Ohio and adjacent communities in Kentucky, producing and distributing electricity, purchasing and distributing natural gas and producing and purchasing manufactured gas for mixture with natural gas in part of the [fol. 4591a] territory served. The communities supplied are Cincinnati, Hamilton, Middletown and 139 others in Ohio, and Covington and Newport and about 15 others in Kentucky, with a total of 226,426 electric and 195,139 gas customers.

The Cincinnati Gas & Electric Company is the principal company in this group, its properties including electric generating stations, gas manufacturing plants and complete gas and electric distribution systems in Cincinnati and neighboring communities, all operated under lease by The Union Gas & Electric Company. Electric power is sold to many large industrial companies and at wholesale to other public utilities, notably The Cincinnati Street Railway Company and Indiana Electric Corporation. Off-peak and surplus power is interchanged with The Louisville (Ky.) Gas & Electric Company.

The Union Light, Heat and Power Company does the gas and electric business in Covington, Newport and other communities in Kentucky, and The Cincinnati, Newport and Covington Railway Company operates the street railway in those communities and connects them with Cincinnati.

Other electric companies in the group are The Southwestern Ohio Power Company supplying electricity in the territory just east of Cincinnati, The Harrison Electric and Water Company, The Loveland Light and Water Company

and The Hamilton Service Company operating respectively in Harrison, Loveland and Hamilton, Ohio, and adjacent communities. Columbia Industrial Company is developing approximately 1,400 acres of land adjacent to Columbia Power Station.

Columbus Group

The Ohio Fuel Gas Company is the principal natural gas producing company in this group, and with its extensive transportation and distribution system supplies gas at retail in Mansfield, Sandusky, Newark, Zanesville, Marion, Lorain, Mt. Vernon, Elyria and 269 other cities and towns in Ohio, and supplies at wholesale the Columbia System companies serving Cincinnati, Dayton, Columbus, Toledo and Springfield, and other companies serving Delaware, Ohio, and Muncie, Indiana, and other cities in both states. Other natural gas distributing companies in the group are The Columbus Gas & Fuel Company and The Federal Gas and Fuel Company serving Columbus, The Northwestern Ohio Natural Gas Company serving Toledo and adjacent towns, and The Springfield Gas Company serving Springfield, Ohio.

The Columbus Group holds gas rights in 2,988,820 acres, operates 3,804 producing gas wells, and supplies gas directly to 368,878 customers in a territory covering a large part of the state of Ohio.

[fol. 4592]

Dayton Group

The principal operating company in the Dayton Group is The Dayton Power and Light Company, producing and distributing electricity and purchasing and distributing natural gas in Dayton, Piqua, Washington Court House and 124 other communities in Ohio. The Miami Development Company, a subsidiary, holds certain parcels of real estate.

This group serves 90,042 electric customers and 77,998 gas customers.

Pittsburgh Group

The Manufacturers Light and Heat Company operates the principal properties in this group, producing and purchasing natural gas in Pennsylvania, Ohio and West Virginia, in which three states it distributes natural gas in Pittsburgh, New Castle, Washington, Steubenville, East

Liverpool, Wheeling and Moundsville, and 249 other cities and towns. It supplies gas at wholesale to other distributing companies.

Manufacturers Gas Company operating in the northern part of Pennsylvania, Pennsylvania Fuel Supply Company operating in western Pennsylvania, Fayette County Gas Company and Greensboro Gas Company operating in the counties south and southeast of Pittsburgh and Natural Gas Company of West Virginia operating in the panhandle of that state and adjacent portions of Ohio and Pennsylvania, all produce and distribute natural gas and hold valuable gas rights. Cumberland and Allegheny Gas Company produces natural gas in West Virginia, transports and distributes it in numerous communities in eastern West Virginia and in Cumberland and other towns in western Maryland.

The Pittsburgh Group holds gas rights in 1,011,347 acres, operates 3,245 producing gas wells and serves 273,512 gas customers.

Binghamton Group

The principal operating company in this group is Binghamton Gas Works, manufacturing artificial gas and purchasing natural gas for mixing therewith and distributing the mixed gas in Binghamton, New York, and several neighboring communities.

The Keystone Gas Company, Inc., distributes natural gas at Olean, New York.

Home Gas Company operates gas transmission lines along the southern border of New York State and sells gas at wholesale only.

The Binghamton Group holds gas rights in 500,827 acres, all of which are controlled by Reserve Oil Corporation, and serves 30,409 gas customers.

(Here follow tables, side folios 4592a & 4593, and map, side folio 4594)

[fol. 4592a]

Columbia Gas & Electric Corporation and Subsidiary Companies

Statement of Securities Outstanding as of December 31, 1930

(Adjusted correspondingly to accompanying adjusted Balance Sheet)

Bonds of subsidiary companies	Interest rate	Date of maturity	Authorized	Issued	Retired by sinking fund	Outstanding	Owned by Columbia Gas & Electric Corp. and subsidiary companies (e)	Outstanding in hands of public
Binghamton Gas Works:								
First mortgage bonds (8)	5%	April 1, 1938	$750,000	$750,000	.....	$750,000.00	.....	$750,000.00
General mortgage bonds (6)	5%	Oct. 1, 1954	2,500,000	246,000	.....	246,000.00	.....	246,000.00
The Cincinnati Gas & Electric Company:								
First mortgage gold bonds, series "A" (1)	4%	April 1, 1968	Open	35,000,000	.....	35,000,000.00	$10,000.00	34,990,000.00
The Cincinnati, Newport and Covington Railway Company:								
First mortgage bonds (S. C. & C. St. Ry. Co.) (3)	6%	Jan. 1, 1932	500,000	150,000		150,000.00	18,500.00	131,500.00
First and refunding mortgage bonds, series "A" (4)	6%	July 1, 1947	7,500,000a	3,815,000	$198,500	3,616,500.00	.....	3,616,500.00
The Columbus Gas & Fuel Company:								
The Columbus Gas Co., first mortgage bonds (8)	5%	July 1, 1932	1,500,000	1,500,000	169,000	1,331,000.00	35,000.00	1,296,000.00
Cumberland and Allegheny Gas Company:								
First mortgage, twenty-five year gold bonds (25)	7%	Dec. 1, 1949	1,800,000	1,800,000	.....	1,800,000.00	1,800,000.00	.....
The Dayton Power and Light Company:								
The Dayton Lighting Co., first and refunding mortgage bonds (6)	5%	Mar. 1, 1937	3,500,000	2,618,000	171,000b	2,447,000.00	978,000.00c	1,469,000.00
The Dayton Power and Light Company:								
First and refunding mortgage bonds (1)	5%	June 1, 1941	20,000,000	9,505,000	.....	9,505,000.00	.....	9,505,000.00
The Wilmington Gas Light & Coke Company, first mortgage bonds (22)	6%	Jan. 1, 1946	20,000	20,000	.....	20,000.00	.....	20,000.00
The Gibson Auto Storage Company: Mortgage notes	6%	h	.....	125,000	.....	125,000.00	.....	125,000.00
Greensboro Gas Corporation:								
Collateral trust serial gold bonds (20)	6%	g	3,250,000	3,250,000	1,300,000b	1,950,000.00	16,000.00	1,934,000.00
The Licking River Bridge Company:								
First mortgage bonds (7)	5%	Nov. 1, 1939	185,000	185,000	91,200	93,800.00	.....	93,800.00
The Ohio Fuel Gas Company:								
The Fremont Gas, Electric Light & Power Company, first mortgage bonds (21)	5%	Dec. 31, 1931	250,000	234,000	233,000	1,000.00	.....	1,000.00
The Toledo Gas, Electric & Heating Company, consolidated mortgage gold bonds (15)	5%	Oct. 1, 1935	2,500,000	2,500,000	624,600	1,875,400.00	.....	1,875,400.00
The Union Light, Heat and Power Company:								
First mortgage bonds, series "A" (9)	6%	Aug. 15, 1949	3,000,000	3,000,000	126,000	2,874,000.00	2,874,000.00f	.....
First mortgage bonds, series "B" (9)	6%	Aug. 15, 1949	2,000,000	281,000	2,000	279,000.00	279,000.00	.....
Total bonds of subsidiary companies	...	.....	.....	$64,979,000	$2,915,300	$62,063,700.00	$6,010,500.00	$56,053,200.00

Stocks of subsidiary companies	Authorized	Issued	Outstanding	Owned by C. G. & E. Corp. and subsidiary companies (e)	Outstanding in hands in public
Amere Gas Utilities Company (no par value)	2,000 sh.	5 sh.	$500.00	$500.00	.....
Binghamton Gas Works:					
Preferred stock	$1,000,000	.....	.....	.....	.....
Series 1925, 7% (R 5)	.....	$205,500	205,500.00	.....	$205,500.00
Series 1926, 6½% (R 5)	.....	108,300	108,300.00	.....	108,300.00
Series 1927, 6¼% (R 5)	.....	338,300	338,300.00	.....	338,300.00
Common (no par value)	45,000 sh.	45,000 sh.	675,000.00	675,000.00	.....
Bracken County Gas Company ($20 par)	1,000	1,000	1,000.00	1,000.00	.....
Bridge Gas Company (no par value)	1,000 sh.	10 sh.	500.00	500.00	.....
Central Kentucky Natural Gas Company ($25 par)	1,500,000	1,500,000	1,500,000.00	1,499,875.00	125.00
The Cincinnati Gas & Electric Company:					
Preferred 5% (R 4, T. A. 24)	75,000,000	40,000,000	40,000,000.00	.....	40,000,000.00

Bracken County Gas Company ($20 par)	1,000	1,000	1,000.00	1,000.00	
Bridge Gas Company (no par value)	1,000 sh.	10 sh.	500.00	500.00	
Central Kentucky Natural Gas Company ($25 par)	1,500,000	1,500,000	1,500,000.00	1,499,875.00	125.00
The Cincinnati Gas & Electric Company:					
Preferred 5% (R 4, T. A. 24)	75,000,000	40,000,000	40,000,000.00		40,000,000.00
Common (no par value)	750,000 sh.	750,000 sh.	30,000,000.00	30,000,000.00	
Cincinnati Gas Transportation Company:					
Preferred 5% (T. A. 10)	3,000,000	3,000,000	3,000,000.00	3,000,000.00	
Common 10% (T. A. 10)	2,000,000	2,000,000	2,000,000.00	1,807,000.00	193,000.00
Common, Class B, 5% (T. A. 10)	1,850,000	1,850,000	1,850,000.00	1,848,600.00	1,400.00
Cincinnati, Newport and Covington Light and Traction Company:					
Preferred 4½% (R 4) (no par value)	50,000 sh.	45,000 sh.	4,500,000.00	4,032,400.00	467,600.00
Common 6% (R 4) (no par value)	50,000 sh.	50,000 sh.	5,000,000.00	4,511,900.00	488,100.00
The Cincinnati, Newport and Covington Railway Co. ($50 par)	500,000	500,000	500,000.00	500,000.00	
Columbia Corporation (no par value)	115,000 sh.	115,000 sh.	11,500,000.00	11,500,000.00	
Columbia Engineering and Management Corporation (no par value)	500,000 sh.	500,000 sh.	1,000,000.00	1,000,000.00	
The Columbia Gas Construction Company (no par value)	1,000 sh.	1,000 sh.	50,000.00	50,000.00	
Columbia Industrial Company (no par value)	500 sh.	5 sh.	500.00	500.00	
Columbia Securities Company (no par value)	500 sh.	500 sh.	50,000.00	50,000.00	
The Columbus Gas & Fuel Company:					
Preferred 5%	6,000,000	6,000,000	6,000,000.00	6,000,000.00	
Common	3,000,000	3,000,000	3,000,000.00	3,000,000.00	
Cumberland and Allegheny Gas Company:					
Common (no par value)	20,000 sh.	20,000 sh.	2,000,000.00	2,000,000.00	
The Dayton Power and Light Company:					
Preferred 6% (R 2, 11; T. A. 1, 12)	12,000,000	7,500,000	7,500,000.00		7,500,000.00
Common (no par value)	320,000 sh.	317,500 sh.	5,480,000.00	5,480,000.00	
Eastern Pipe Line Company (no par value)	50,000 sh.	50,000 sh.	319,112.50	319,112.50	
The Edgewater Gas and Light Company:					
Common (no par value)	500 sh.	230 sh.	28,980.00	28,980.00	
[fol. 4593]					
Fayette County Gas Company	$1,600,000	$1,600,000	$1,600,000.00	$1,598,600.00	$1,400.00
The Federal Gas and Fuel Company ($50 par)	1,071,000	1,071,000	1,071,000.00	1,071,000.00	
The Gas and Electric Appliance Company	150,000	150,000	150,000.00	150,000.00	
The Gibson Auto Storage Company:					
Preferred 7%	24,000	24,000	24,000.00	24,000.00	
Common	24,000	24,000	24,000.00	24,000.00	
Greensboro Gas Company	9,900,000	9,900,000	9,900,000.00	9,900,000.00	
Greensboro Gas Corporation (no par value)	11,000 sh.	11,000 sh.	5,830,000.00	5,830,000.00	
Hamilton Service Company	76,400	76,400	76,400.00	76,400.00	
The Harrison Electric and Water Company:					
Preferred 6.6%	50,000	30,000	30,000.00	30,000.00	
Common (no par value)	4,000 sh.	4,000 sh.	40,000.00	40,000.00	
Home Gas Company (no par value)	100,000 sh.	100,000 sh.	2,041,174.77	2,041,174.77	
Howe Oil and Gas Company (no par value)	1,000 sh.	1,000 sh.	100.00	100.00	
Huntington Development and Gas Company:					
Preferred 6% (R 23, T. A. 13)	1,500,000	1,500,000	1,500,000.00	1,499,500.00	500.00
Common (R 23, T. A. 13)	4,000,000	4,000,000	4,000,000.00	3,981,500.00	18,500.00
Huntington Gas Company (no par value)	20,000 sh.	20,000 sh.	1,000,000.00	1,000,000.00	
The Keystone Gas Company, Inc. (no par value)	4,000 sh.	4,000 sh.	100,000.00	100,000.00	
The Licking River Bridge Company	50,000	50,000	50,000.00	50,000.00	
The Loveland Light and Water Company	50,000	30,000	30,000.00	30,000.00	
Manufacturers Gas Company	1,650,000	1,650,000	1,650,000.00	1,650,000.00	
The Manufacturers Light and Heat Co. ($50 par):					
(R 18, T. A. 19)	25,000,000	23,000,000	23,000,000.00	22,992,050.00	7,950.00
Maryland Gas Transmission Corporation (no par value)	10,000 sh.	1,000 sh.	100,000.00	100,000.00	
The Miami Development Company (no par value)	1,000 sh.	1,000 sh.	10,000.00	10,000.00	
Miami Power Corporation (no par value)	1,000 sh.	1,000 sh.	1,000.00	1,000.00	
Natural Gas Company of West Virginia	3,000,000	2,997,200	2,997,200.00	2,997,200.00	
[illegible]	50,000	25,000	25,000.00	25,000.00	

~~Greensboro Gas Company~~					
Greensboro Gas Corporation (no par value)	11,000 sh.	11,000 sh.	5,830,000.00	5,830,000.00	
Hamilton Service Company	76,400	76,400	76,400.00	76,400.00	
The Harrison Electric and Water Company:					
Preferred 6.6%	50,000	30,000	30,000.00	30,000.00	
Common (no par value)	4,000 sh.	4,000 sh.	40,000.00	40,000.00	
Home Gas Company (no par value)	100,000 sh.	100,000 sh.	2,041,174.77	2,041,174.77	
Howe Oil and Gas Company (no par value)	1,000 sh.	1,000 sh.	100.00	100.00	
Huntington Development and Gas Company:					
Preferred 6% (R 23, T. A. 13)	1,500,000	1,500,000	1,500,000.00	1,499,500.00	500.00
Common (R 23, T. A. 13)	4,000,000	4,000,000	4,000,000.00	3,981,500.00	18,500.00
Huntington Gas Company (no par value)	20,000 sh.	20,000 sh.	1,000,000.00	1,000,000.00	
The Keystone Gas Company, Inc. (no par value)	4,000 sh.	4,000 sh.	100,000.00	100,000.00	
The Licking River Bridge Company	50,000	50,000	50,000.00	50,000.00	
The Loveland Light and Water Company	50,000	30,000	30,000.00	30,000.00	
Manufacturers Gas Company	1,650,000	1,650,000	1,650,000.00	1,650,000.00	
The Manufacturers Light and Heat Co. ($50 par):					
(R 18, T. A. 19)	25,000,000	23,000,000	23,000,000.00	22,992,050.00	7,950.00
Maryland Gas Transmission Corporation (no par value)	10,000 sh.	1,000 sh.	100,000.00	100,000.00	
The Miami Development Company (no par value)	1,000 sh.	1,000 sh.	10,000.00	10,000.00	
Miami Power Corporation (no par value)	1,000 sh.	1,000 sh.	1,000.00	1,000.00	
Natural Gas Company of West Virginia	3,000,000	2,997,200	2,997,200.00	2,997,200.00	
New Cumberland Water and Gas Company ($25 par)	50,000	25,000	25,000.00	25,000.00	
Northern Gas Company (no par value)	1,000 sh.	10 sh.	500.00	500.00	
Northern Industrial Gas Company (no par value)	1,000 sh.	1,000 sh.	1,000.00	1,000.00	
The Northwestern Ohio Natural Gas Co. ($50 par)	2,775,250	2,775,250	2,775,250.00	2,775,250.00	
The Ohio Fuel Gas Company ($50 par)	82,500,000	58,062,600	58,062,600.00	58,062,600.00	
Pennsylvania Fuel Supply Company ($50 par)	1,000,000	978,000	978,000.00	978,000.00	
Point Pleasant Natural Gas Company	20,000	20,000	20,000.00	20,000.00	
Reserve Oil Corporation ($50 par)	10,000	10,000	10,000.00	10,000.00	
The Southwestern Ohio Power Company:					
Common (no par value)	1,000 sh.	1,000 sh.	8,359.49	8,359.49	
The Springfield Gas Company ($25 par)	610,000	610,000	610,000.00	610,000.00	
The Union Gas & Electric Company:					
Common (no par value)	185,000 sh.	4,000 sh.	200,000.00	200,000.00	
The Union Light, Heat and Power Company	500,000	500,000	500,000.00	500,000.00	
United Fuel Gas Company	30,000,000	30,000,000	30,000,000.00	30,000,000.00	
Virginia Gas Transmission Corporation (no par value)	10,000 sh.	10 sh.	100.00	100.00	
Warfield Natural Gas Company	600,000	547,000	547,000.00	547,000.00	
Total stocks of subsidiary companies			$275,570,376.76	$226,239,701.76	$49,330,675.00
Columbia Gas & Electric Corporation:					
25-year gold debenture bonds 5%, due May 1, 1952 (14)	$50,000,000	$50,000,000	$50,000,000.00		$50,000,000.00
23-year gold debenture bonds 5%, due April 15, 1952 (14)	10,000,000	3,369,700	3,369,700.00	$46,400.00	3,323,300.00
30-year gold debenture bonds 5%, due Jan. 15, 1961 (14)	Open	50,000,000	50,000,000.00		50,000,000.00
Preferred stock	100,000,000				
Series A 6% (R 14, 17; T. A. 16, 20)		94,907,900	94,907,900.00	176,500.00	94,731,400.00
5% series (R 14, T. A. 16)		4,046,600	4,046,600.00	116,800.00	3,929,800.00
Common (no par value) (R 14, 17; T. A. 16, 20)	30,000,000 sh.	11,684,220¼ sh.	181,947,983.97		181,947,983.97
Grand total bonds and stocks of system			$721,906,260.73d	$232,589,901.76d	$489,316,358.97d

NOTES:

(a) Amount permitted to be at any one time outstanding.
(b) Cancelled, but not through operation of a sinking fund.
(c) Held by Irving Trust Company, Trustee, under morgtage of The Dayton Power and Light Company's 5% Bonds of 1941.
(d) Including "Stated Capital" of No Par Common Stocks.
(e) Including Directors' Shares.
(f) Includes $250,000 held in Guaranty Fund.
(g) $325,000 due annually April 1, 1931 to 1936.
(h) Due November 4, 1933 to 1939.

Trustees of Mortages and Registrars and Transfer Agents for Stock

1—Irving Trust Company, New York.
2—The New York Trust Company, New York.
3—Covington Savings Bank & Trust Co., Covington, Ky.
4—The Central Trust Company, Cincinnati, Ohio.
5—First National Bank, Binghamton, N. Y.
6—The Chase National Bank of the City of New York.
7—Central Savings Bank & Trust Company, Newport, Ky.
8—Central Hanover Bank & Trust Co., New York.
9—The Fifth-Third Union Trust Company, Cincinnati, O.
10—The Provident Savings Bank & Trust Co., Cincinnati, O.
11—City National Bank & Trust Co., Dayton, Ohio.
12—Dayton Savings & Trust Co., Dayton, Ohio.
13—The First Huntington National Bank, Huntington, W. Va.
14—Guaranty Trust Company of New York.
15—Ohio Savings Bank & Trust Co., Toledo, Ohio.
16—Bankers Trust Company, New York.
17—The Colonial Trust Company, Pittsburgh, Pa.
18—Peoples Savings & Trust Company, Pittsburgh, Pa.
19—Company's Office, Pittsburgh, Pa.
20—The Union Trust Co. of Pittsburgh, Pittsburgh, Pa.
21—Union Trust Company, Detroit, Mich.
22—P. H. Van Dervort, Wilmington, Ohio.
23—Huntington Banking & Trust Co., Huntington, W. Va.
24—The First National Bank of Cincinnati, Cincinnati, O.
25—The Baltimore Trust Company, Baltimore, Md.

COLUMBIA SYSTEM

GAS TRANSMISSION *and* DISTRIBUTION

CONTROLLED BY

COLUMBIA GAS & ELECTRIC CORPORATION

DECEMBER 31, 1930

Legend

- Main Lines—Columbia System
- Distribution and Field Lines—Columbia System
- Lines under Construction
- Main Lines—Part Ownership
- Lines of Companies Purchasing Gas from Columbia System
- ○ Towns Served
- \+ Franchise Granted—Not Yet Served
- ★ Compressor Stations—Columbia System
- ⊛ Compressor Stations—Part Ownership

Green Color Shows the Known Gas and Oil Fields
in This Portion of the Appalachian Region

SCALE

0 25 50 75 100 MILES

MICH.

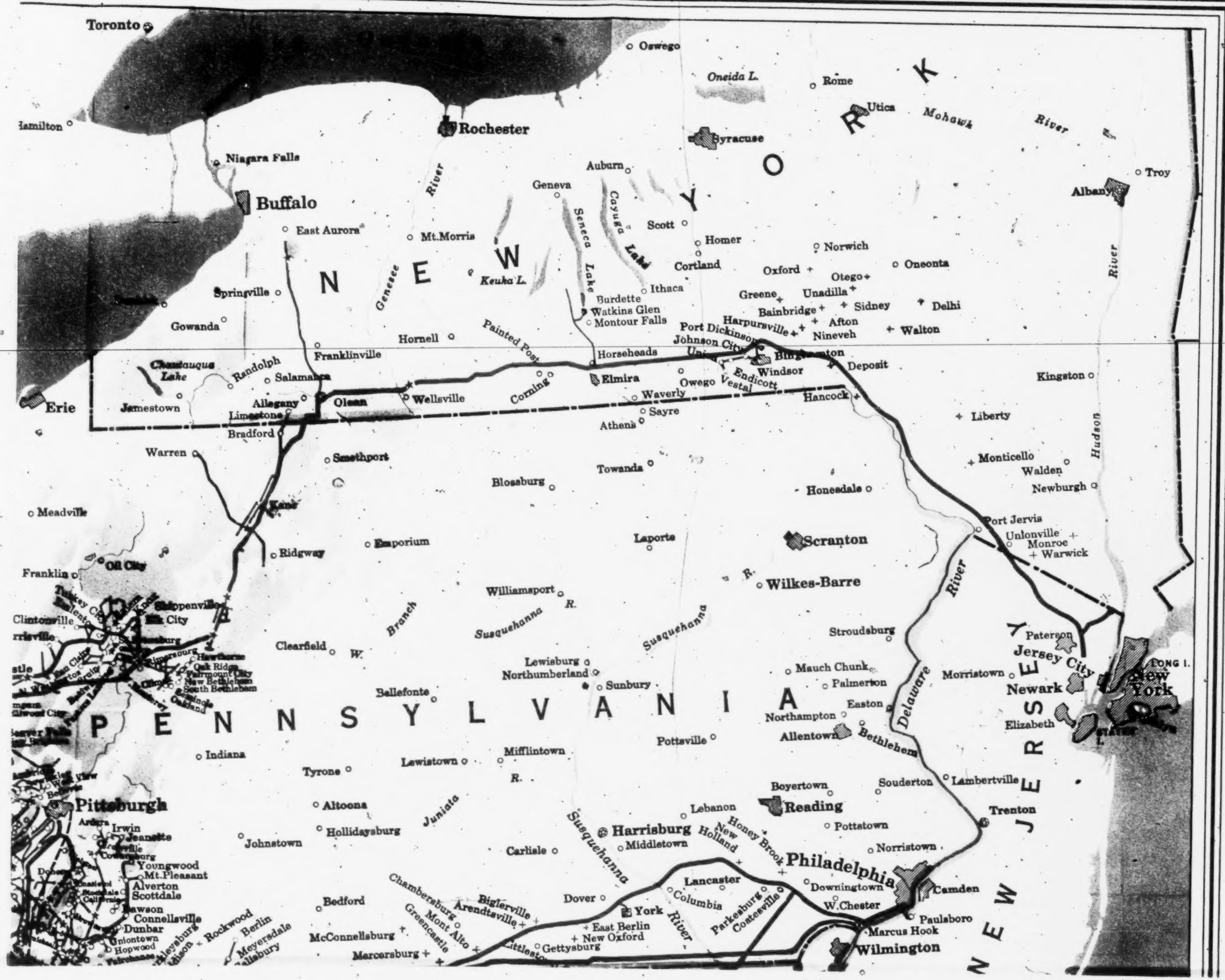
ONTARIO

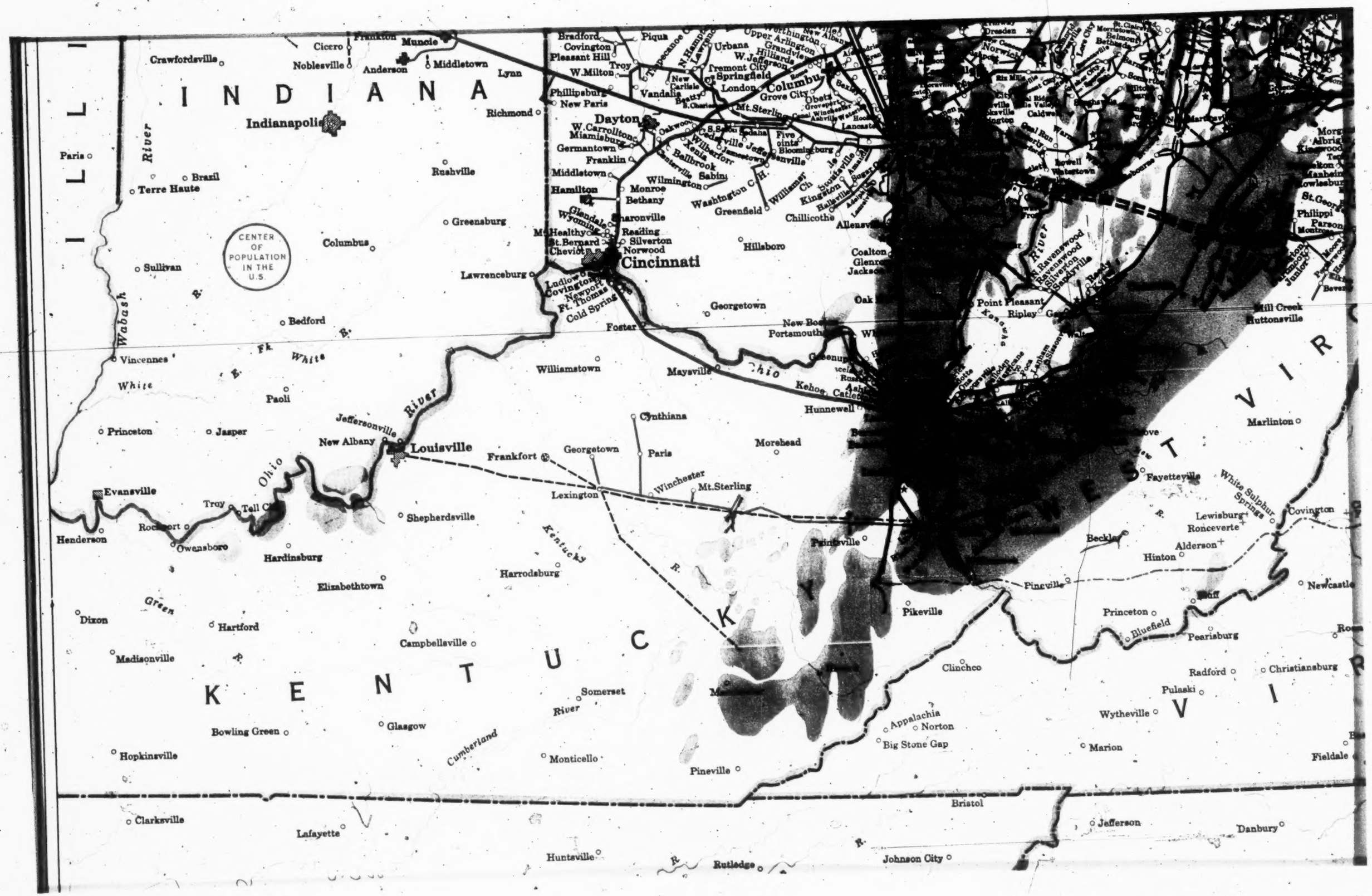
INDIANA

ILLINOIS

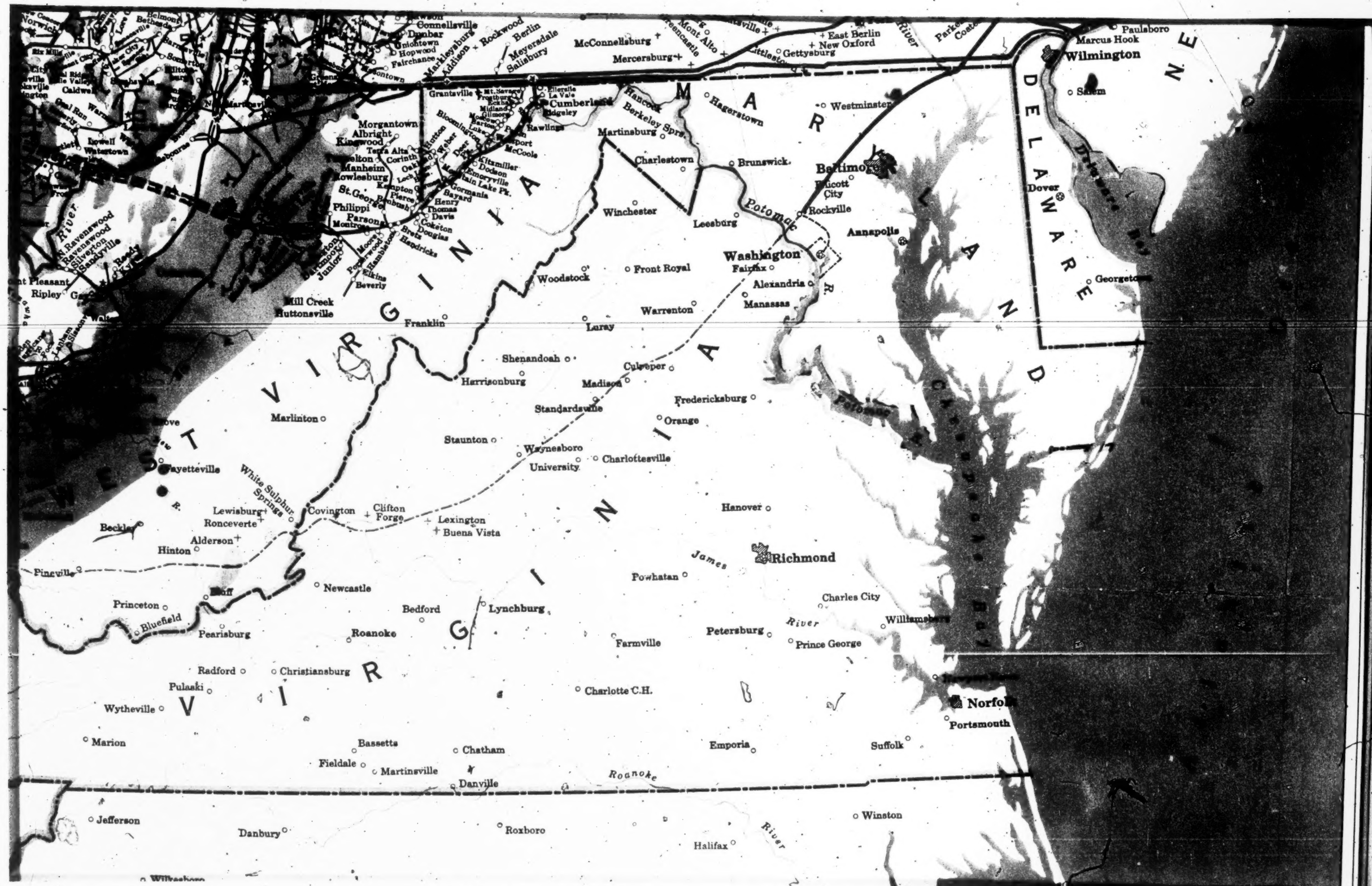
OHIO

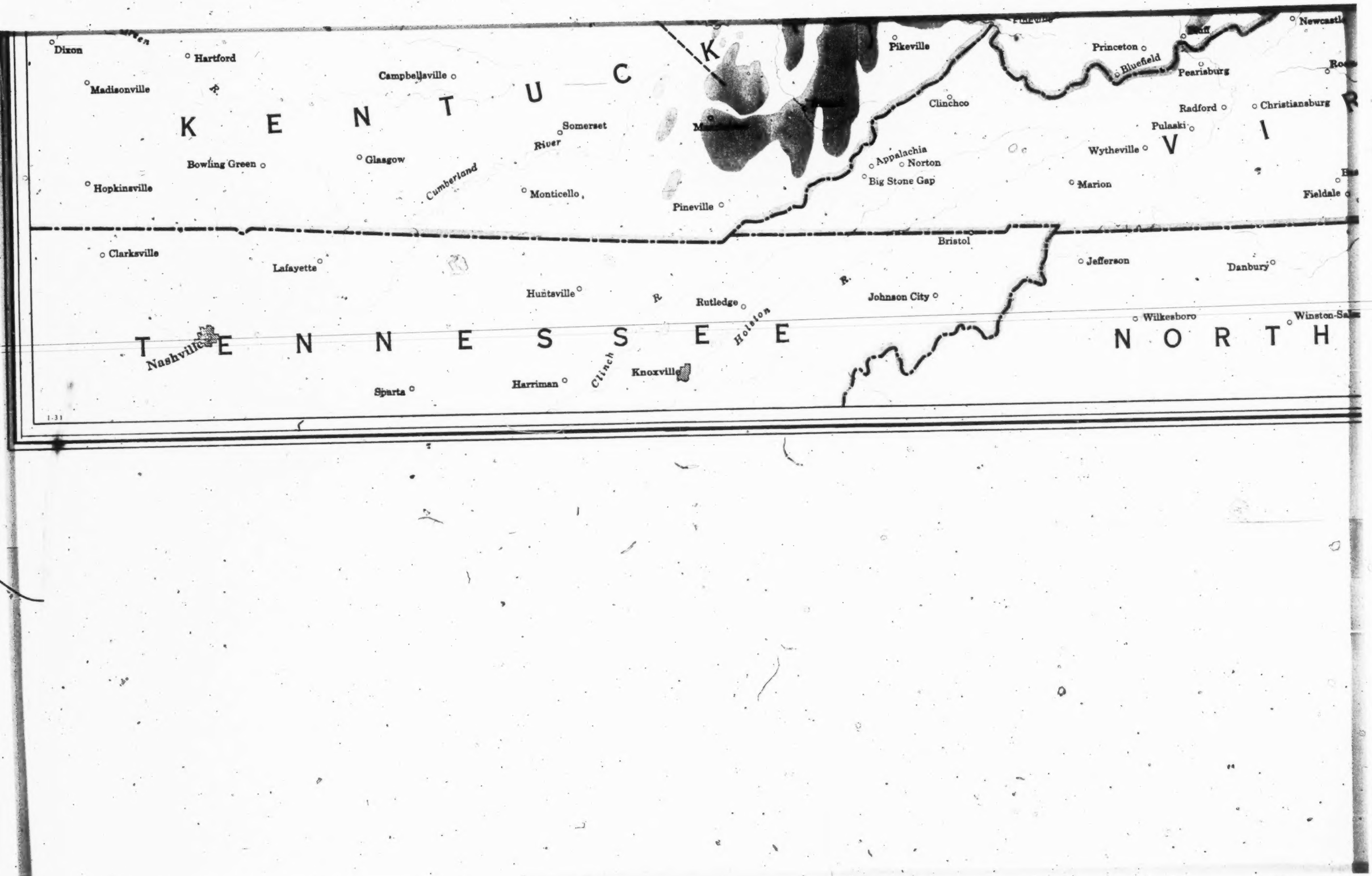
Bay City
Saginaw
Flint
Port Huron
Detroit
Ann Arbor
Hamilton
London
St. Thomas
Erie
Painesville
Meadville
Chicago
L. Michigan
Hammond
South Bend
Goshen
Crown Point
Plymouth
Kankakee
Fort Wayne
Huntington
Van Wert
Logansport
Lafayette
Danville
Crawfordsville
Marion
Gas City
Hartford City
Fairmount
Tipton
Elwood
Alexandria
Atlanta
Frankton
Muncie
Cicero
Noblesville
Anderson
Middletown
Lynn
Toledo
Maumee
Perrysburg
Rossford
Genoa
Bryan
Defiance
Bowling Green
Fostoria
Tiffin
New Reigel
Sycamore
Tiro
Upper Sandusky
Lima
Ada
Marion
New Bremen
New Knoxville
Minster
Laramie
Versailles
Sidney
Bradford
Piqua
Covington
Pleasant Hill
Troy
W. Milton
Prospect
Richwood
Delaware
Maryaville
Westerville
Worthington
Upper Arlington
Grandview
Hilliards
W. Jefferson
Fremont City
Springfield
Urbana
N. Hampton
Lawrenceville
Tippecanoe City
Cleveland
Parma
Parma Hgts.
Norwalk
Wellington
Spencer
Willard
Plymouth
Shelby
Crestline
Galion
Bucyrus
Nevada
Ashland
Mansfield
Lexington
Bellville
Mt. Gilead
Fredericktown
Mt. Vernon
Ashley
Mt. Liberty
Centerburg
Sunbury
Galena
Alexandria
Akron
Warren
Youngstown
Alliance
Canton
Massillon
Wooster
Waynesburg
Navarre
Bolivar
Carrollton
Harlem Springs
Amsterdam
Kilgore
Mechanicstown
Salineville
Steubenville
Mingo Jct.
Brilliant
Wellsburg
Rayland
Martins Ferry
Cadiz
New Athens
Flushing
St. Clairsville
Morristown
Belmont
Bethesda
Barnesville
Cambridge
Cumberland
Lore City
Norwich
Dresden
Trinway
Coshocton
Newcomerstown
Gnadenhutten
Zoar
Sherrodsville
Dellroy
Sandyville
Dover
Zoarville
Uhrichsville
Clinton
Franklin
Clintonville
Harrisville
New Castle
Lisbon
Beaver Falls
Pi
CENTER OF INDUSTRY IN THE U.S.


Toronto
Hamilton
Niagara Falls
Buffalo
Rochester
Oswego
Oneida L.
Rome
Utica
Mohawk
River
Syracuse
Troy
Albany
Auburn
Geneva
Seneca Lake
Cayuga Lake
East Aurora
Mt.Morris
Scott
Homer
Norwich
Cortland
Oxford
Oneonta
Otego
Keuka L.
Ithaca
Greene
Unadilla
Sidney
Delhi
Bainbridge
Afton
Harpursville
Nineveh
Walton
Port Dickinson
Johnson City
Binghamton
Deposit
Windsor
Endicott
Vestal
Owego
Waverly
Sayre
Athens
Springville
Gowanda
Burdette
Watkins Glen
Montour Falls
Hornell
Painted Post
Horseheads
Elmira
Corning
Wellsville
Franklinville
Chautauqua Lake
Randolph
Salamanca
Allegany
Olean
Jamestown
Limestone
Bradford
Erie
Warren
Smethport
Towanda
Blossburg
Honesdale
Monticello
Walden
Newburgh
Liberty
Kingston
Hudson
Meadville
Kane
Ridgway
Emporium
Laporte
Scranton
Port Jervis
Unionville
Monroe
Warwick
Franklin
Oil City
Williamsport
Wilkes-Barre
Susquehanna
Branch
Clearfield
Stroudsburg
Delaware
River
Paterson
Jersey City
Newark
Elizabeth
Morristown
Mauch Chunk
Palmerton
Lewisburg
Northumberland
Sunbury
Bellefonte
Easton
Northampton
Allentown
Bethlehem
Pottsville
Indiana
Tyrone
Lewistown
Mifflintown
Juniata
Boyertown
Souderton
Lambertville
Trenton
Reading
Lebanon
Pittsburgh
Altoona
Hollidaysburg
Johnstown
Harrisburg
Middletown
Carlisle
Pottstown
Norristown
Philadelphia
Camden
Downingtown
W.Chester
Lancaster
Columbia
Dover
York
Bedford
Chambersburg
Greencastle
Mont Alto
Biglerville
Arendtsville
East Berlin
New Oxford
Gettysburg
McConnellsburg
Marcersburg
Parkesburg
Coatesville
Marcus Hook
Paulsboro
Wilmington
Honey Brook
New Holland
Sueguehanna
Irwin
Jeanette
Youngwood
Mt.Pleasant
Alverton
Scottdale
Dawson
Connellsville
Dunbar
Uniontown
Hopwood
Rockwood
Berlin
Meyersdale
Ardara
Coraopolis
Sharon
Mercer
Oil City
Titusville
Franklin
Clintonville
Hawthorne
Oak Ridge
Fairmount City
New Bethlehem
South Bethlehem
Punxsutawney
Brookville
Clearfield
Ridgway
Emporium
Williamsport
Susquehanna
Branch
Juniata
Lewistown
Tyrone
Altoona
Johnstown
Hollidaysburg
Bedford
Indiana
Pittsburgh
Irwin
Jeanette
Youngwood
Mt.Pleasant
Alverton
Scottdale
Dawson
Connellsville
Dunbar
Uniontown
Hopwood
Rockwood
Berlin
Meyersdale
Somerset
Johnstown
Ebensburg
Hollidaysburg
Altoona
Tyrone
Lewistown
Mifflintown
Indiana
Kittanning
Ford City
Ellwood City
Beaver Falls
New Brighton
Rochester
Aliquippa
Ambridge
Sewickley
Bellevue
Avalon
Ben Avon
Edgeworth
Sharpsburg
Etna
Millvale
Aspinwall
Fox Chapel
Verona
Oakmont
Penn
Turtle Creek
Wilkinsburg
Braddock
Homestead
Duquesne
McKeesport
Elizabeth
Monessen
Charleroi
Belle Vernon
Donora
Monongahela
Washington
Canonsburg
Carnegie
Bridgeville
Mt.Lebanon
Dormont
Brentwood
Baldwin
Whitehall
Pleasant Hills
Jefferson Hills
Clairton
Glassport
Port Vue
Finleyville
Canonsburg
Washington
Monongahela
Donora
Charleroi
Belle Vernon
Monessen
Uniontown
Connellsville
Somerset
Ebensburg
Johnstown
Hollidaysburg
Altoona
Tyrone
Lewistown
Mifflintown
Juniata
Indiana
Kittanning
Ford City
Ellwood City
Beaver Falls
New Brighton
Rochester
Aliquippa
Ambridge
Sewickley
Bellevue
Avalon
Ben Avon
Edgeworth
Sharpsburg
Etna
Millvale
Aspinwall
Fox Chapel
Verona
Oakmont
Penn
Turtle Creek
Wilkinsburg
Braddock
Homestead
Duquesne
McKeesport
Elizabeth
Monessen
Charleroi
Belle Vernon
Donora
Monongahela
Washington
Canonsburg
Carnegie
Bridgeville
Mt.Lebanon
Dormont
Brentwood
Baldwin
Whitehall
Pleasant Hills
Jefferson Hills
Clairton
Glassport
Port Vue
Finleyville
NEW YORK
PENNSYLVANIA
NEW JERSEY
LONG I.
Staten Island
New York



INDIANA
ILLINOIS
KENTUCKY
WEST VIRGINIA
CENTER OF POPULATION IN THE U.S.
Indianapolis
Cincinnati
Louisville
Columbus
Dayton
Springfield
Hamilton
Lexington
Frankfort
Paris
Winchester
Mt.Sterling
Maysville
Ohio River
Wabash River
White River
Green River
Cumberland River
Kentucky R.
Big Sandy R.
Kanawha River
Crawfordsville
Noblesville
Anderson
Middletown
Muncie
Cicero
Lynn
Richmond
Paris
Terre Haute
Brazil
Rushville
Greensburg
Columbus
Sullivan
Lawrenceburg
Bedford
Vincennes
Paoli
Princeton
Jasper
Jeffersonville
New Albany
Evansville
Henderson
Owensboro
Hardinsburg
Elizabethtown
Shepherdsville
Harrodsburg
Dixon
Hartford
Madisonville
Campbellsville
Somerset
Glasgow
Bowling Green
Hopkinsville
Monticello
Clarksville
Lafayette
Huntsville
Rutledge
Pineville
Pikeville
Paintsville
Morehead
Cynthiana
Georgetown
Williamstown
Foster
Cold Spring
Newport
Covington
Ludlow
Cincinnati
Norwood
Silverton
Reading
Sharonville
Hamilton
Middletown
Franklin
Germantown
Miamisburg
W.Carrollton
Dayton
Piqua
Troy
Bradford
Pleasant Hill
W.Milton
Phillipsburg
New Paris
Vandalia
Springfield
Urbana
Xenia
Wilmington
Bethany
Monroe
Greenfield
Washington C.H.
Hillsboro
Chillicothe
Jeffersonville
Williamsburg
Kingston
Coalton
Point Pleasant
Ripley
Ravenswood
Silverton
Sandyville
Hunnewell
Kehoe
Catlettsburg
Portsmouth
Oak
Grove City
Obetz
London
Mt.Sterling
Lancaster
Dresden
Norwich
Caldwell
Watertown
Lowell
Marlinton
Huttonsville
Mill Creek
Fayetteville
White Sulphur Springs
Lewisburg
Ronceverte
Alderson
Hinton
Beckley
Pineville
Princeton
Bluefield
Pearisburg
Radford
Christiansburg
Pulaski
Wytheville
Marion
Fieldale
Newcastle
Covington
Clinchco
Appalachia
Norton
Big Stone Gap
Bristol
Jefferson
Danbury
Johnson City


WEST VIRGINIA
MARYLAND
DELAWARE
N.E.
Wheeling
Connellsville
Dunbar
Uniontown
Hopwood
Fairchance
Markleysburg
Addison
Rockwood
Berlin
Meyersdale
Salisbury
McConnellsburg
Mercersburg
Mont Alto
Greencastle
East Berlin
New Oxford
Gettysburg
Parkersburg
Paulsboro
Marcus Hook
Wilmington
Salem
Dover
Georgetown
Delaware R.
Delaware Bay
Grantsville
Mt. Savage
Frostburg
Eckhart
Midland
Gilmore
Cumberland
Ellerslie
La Vale
Ridgeley
Rawlings
Hancock
Berkeley Springs
Martinsburg
Hagerstown
Westminster
Morgantown
Albright
Kingwood
Terra Alta
Corinth
Oakland
Loch Lynn
Bloomington
Horton
Weber
Deer Park
Mountain Lake Park
Grantsville
Accident
Friendsville
Swanton
Barton
Gilmore
Lonaconing
Midland
Eckhart
Frostburg
Mt. Savage
Luke
Westernport
McCoole
Kitzmiller
Dodson
Emoryville
Gormania
Bayard
Henry
Thomas
Davis
Coketon
Douglas
Brets
Hendricks
Charlestown
Brunswick
Baltimore
Ellicott City
Rockville
Annapolis
Potomac
Winchester
Leesburg
Washington
Fairfax
Alexandria
Manassas
Warrenton
Front Royal
Woodstock
Luray
Franklin
Mill Creek
Huttonsville
Marlinton
Shenandoah
Harrisonburg
Culpeper
Madison
Standardsville
Fredericksburg
Orange
Staunton
Waynesboro
University
Charlottesville
Lewisburg
Ronceverte
Covington
Clifton Forge
Lexington
Buena Vista
White Sulphur Springs
Fayetteville
Beckley
Alderson
Hinton
Pineville
Hanover
Richmond
James
Powhatan
Charles City
Williamsburg
Petersburg
Prince George
Farmville
Princeton
Bluefield
Pearisburg
Roanoke
Bedford
Lynchburg
Newcastle
Radford
Christiansburg
Pulaski
Wytheville
Marion
Charlotte C.H.
Norfolk
Portsmouth
Suffolk
Emporia
Bassetts
Fieldale
Martinsville
Chatham
Danville
Roanoke
Jefferson
Danbury
Roxboro
Halifax
Winston
Ravenswood
Ravenswood
Silverton
Sandyville
Ripley
Point Pleasant
Beverly
Elkins
Parsons
Montrose
Philippi
St. George
Pierce
Barbush
Oakland
Junior
Kingwood
Manheim
Rowlesburg
Kempton
Terra Alta
Corinth
Oakland
Loch Lynn
Bloomington
Horton
Weber
Deer Park
Mountain Lake Park
Gormania
Bayard
Henry
Thomas
Davis
Coketon
Douglas
Brets
Hendricks
Elkins
Beverly
Mill Creek
Huttonsville
Franklin
Marlinton
Lewisburg
Ronceverte
Alderson
Hinton
Beckley
Pineville
Princeton
Bluefield
Pearisburg
Radford
Christiansburg
Pulaski
Wytheville
Marion
Jefferson
Danbury
Roxboro
Halifax
Winston
Bassetts
Fieldale
Martinsville
Chatham
Danville
Roanoke
Emporia
Suffolk
Portsmouth
Norfolk
Williamsburg
Charles City
Petersburg
Prince George
Farmville
Powhatan
Richmond
James
Hanover
Charlottesville
University
Waynesboro
Staunton
Orange
Fredericksburg
Standardsville
Culpeper
Madison
Harrisonburg
Shenandoah
Luray
Franklin
Warrenton
Manassas
Alexandria
Fairfax
Washington
Rockville
Annapolis
Baltimore
Ellicott City
Brunswick
Charlestown
Martinsburg
Berkeley Springs
Hancock
Westminster
Hagerstown
Cumberland
Ridgeley
Rawlings
Westernport
McCoole
Kitzmiller
Dodson
Emoryville
Gormania
Bayard
Henry
Thomas
Davis
Coketon
Douglas
Brets
Hendricks
Elkins
Beverly
Mill Creek
Huttonsville


Dixon
Hartford
Madisonville
Campbellsville
Somerset
Bowling Green
Glasgow
Hopkinsville
Cumberland
River
Monticello
Pineville
Pikeville
Clinchco
Princeton
Bluefield
Pearisburg
Radford
Christiansburg
Pulaski
Wytheville
Appalachia
Norton
Big Stone Gap
Marion
Fieldale
Bristol
Clarksville
Lafayette
Huntsville
Rutledge
Johnson City
Jefferson
Danbury
Wilkesboro
Nashville
Sparta
Harriman
Clinch R.
Knoxville
Holston R.
KENTUCKY
TENNESSEE
VIRGINIA
NORTH

Bedford
Lynchburg
Roanoke
Farmville
Petersburg
Charles City
River
Prince George
Charlotte C.H.
Norfol
Portsmouth
Bassetts
Chatham
Emporia
Suffolk
Martinsville
Danville
Roanoke
Winston
Roxboro
Halifax
River
Durham
Raleigh
Wilson
Plymouth
Columbia
C A R O L I N A

4594

[fol. 4595] CITY EXHIBIT #23

The Preston Oil Company

Statement Showing Book Investment, Income and Dividends with Ratio of Income to Book Investment and Ratio of Dividends to Book Investment

Year ended December 31st.	Book investment as of December 31st.	Income available for dividends, surplus, etc.	Dividends	Ratio of income to book investment	Ratio of dividends to book investment
1926	$4,152,383.20	$364,786.03	$240,000.00	8.8%	5.8%
1927	8,787,701.85	421,093.89	360,000.00	4.8	4.1
1928	9,484,305.06	1,022,041.66	430,000.00	10.8	4.5
1929	10,698,265.17	1,286,821.62	*2,080,000.00	12.0	19.4
Total	$33,122,655.28	$3,094,743.20	$3,110,000.00	9.3%	9.4%

* Dividends were declared and paid out of income and surplus.

Income	$1,286,821.62
Surplus	793,178.38
Total	$2,080,000.00

[fol. 4596] CITY EXHIBIT #24

The Ohio Fuel Gas Company

Statement Showing Number of Gas Wells Operated by Counties as of June 30, 1929

Name of county	The Ohio Fuel Gas Company	Wells of The Logan Gas Company as of June 1, 1929 included with The Ohio Fuel Gas Company
Ashland	472	287
Athens	189	59
Belmont	7	.....
Coshocton	32	14
Cuyahoga	41	30
Fairfield	74	23
Gallia	20	.....
Guernsey	115	13
Hardin	3	.....
Hocking	191	60
Holmes	136	47
Jackson	182	2
Knox	236	52
Lawrence	4	.....
Licking	302	71
Lorain	101	23
Medina	374	180
Meigs	22	3
Monroe	29	.....
Morgan	99	2
Muskingum	7	.....
Noble	52	.....
Ottawa	25	.....
Perry	51	7
Richland	92	55
Tuscarawas	13	.....
Vinton	269	8
Washington	119	19
Wayne	308	135
Total number of wells as of June 30, 1929	3,565	1,090

Name of county	The Ohio Fuel Gas Company	Wells of The Logan Gas Company as of June 1, 1929 included with The Ohio Fuel Gas Company
Number of producing gas wells Dec. 31, 1929	3,683	.....
Number of producing gas wells Dec. 31, 1930	3,804	.....
Number of wells transferred from Preston Oil Co. to Ohio Fuel Gas Co.—1929	7	.....
Number of wells transferred from Preston Oil Co. to Ohio Fuel Gas Co.—1930	3	.....
Number of wells transferred from Ohio Fuel Gas Co. to Preston Oil Co.—1929	43	3
Number of wells transferred from Ohio Fuel Gas Co. to Preston Oil Co.—1930	27	.....
Number of wells completed during—1929 Gas	331	22
Dry	122	14
Oil	37	3
Number of wells completed during—1930 Gas	274	.....
Dry	120	.....
Oil	12	.....

[fol. 4597]

CITY EXHIBIT #25

The Preston Oil Company

Statement Showing Operated Acreage by Counties and Total Unoperated Acreage (Not Divided as to Counties)

Name of county	1929 Operated acreage	1929 Unoperated acreage	1930 Operated acreage	1930 Unoperated acreage
Ashland	1,418	Unoperated acreage not divided as to counties.	1,193	Unoperated acreage not divided as to counties.
Athens	14,798		13,719	
Belmont	457		457	
Coshocton	3,651		4,162	
Cuyahoga	195		88	
Fairfield	10		.....	
Guernsey	2,043		1,647	
Hocking	19,603		18,423	
Holmes	3,520		3,366	
Knox	1,594		1,955	
Licking	2,670		2,592	
Lorain	105		105	
Medina	3,261		2,924	
Meigs	768		768	
Monroe	291		191	
Morgan	255		255	
Muskingum	470		846	
Noble	425		525	
Ottawa	40		40	
Perry	7,265		7,730	
Vinton	5,143		.....	
Washington	1,514		1,382	
Wayne	2,776		2,933	
Total	71,672	2,841,330	63,301	2,395,813
Grand total		2,913,002		2,461,114

Number of producing wells at end of year	934	908
Number of wells transferred to Ohio Fuel Gas Co	7	3
Number of wells transferred from Ohio Fuel Gas Co	43	27
Number of wells drilled during year: Gas	7	2
Number of wells drilled during year: Oil	54	34
Number of wells drilled during year: Dry	11	13

[fol. 4598]

CITY EXHIBIT #28

The Columbus Gas & Fuel Company

Analysis of Columbia Engineering and Management Corporation Charges for 1929 and 1930

		1929	1930
	Executive management	$82,496.11	$80,100.82
	Other charges—account number & title:		
394	Other distribution system labor	200.49	.....
399	Other distribution system supplies & expenses	5,492.62	6,713.81
404	Maintenance of meters	.....	(11.88)
421	Commercial department supplies and expenses	23.84	.....
431	General officers' expenses	364.91	1,592.06
433	General law expenses	.....	202.40
448	Laboratory supplies and expenses	.....	39.02
453	Public utilities commission expense	6,857.76	51,087.81
455	Other insurance	554.40	228.29
457	Other general expense	1,936.13	733.73
	Non-operating expense—general	146.14	75.45
	Other deductions from surplus	2,500.00	.....
	Accrued auditing expenses	.....	4,943.60
	Accrued insurance	.....	887.58
	Sub total	$18,076.29	$66,491.87
	Columbus shop suspense	.....	639.54
	121 materials and supplies	55.50	10.29
	Construction	2.27	.....
	Ohio Fuel Gas Company	.....	1,419.68
	Federal Gas and Fuel Company	(222.12)	.....
	Sub total	$17,911.94	$68,561.38
	Prepaid insurance	1,388.72	1,438.42
	Total	$19,300.66	$69,999.80
	Grand total	$101,796.77	$150,100.62

( ) Denotes red figures.

[fol. 4599]

CITY EXHIBIT #33

Columbia Engineering and Management Corporation

General Balance Sheet

Assets	As of December 31, 1930	As of December 31, 1929
Plant, property and equipment	$131,978.55	$109,637.66
Construction work in progress	16,887.34	71.20
Cash	147,214.40	169,021.61
Notes and accounts receivable	1,209,897.22	1,643,645.26
Material and supplies	5,079.00	.....
Other work in progress	63,941.14	.....
Prepaid accounts	4,480.05	16,744.54
Deferred charges to operations	98,501.70	91,581.37
Improvements to leased property	42,005.52	19,018.37
Total assets	$1,719,984.92	$2,049,720.01

CITY EXHIBIT #33—Continued

Liabilities		
Capital stock	$1,000,000.00	$1,000,000.00
Accounts payable	49,479.36	141,630.02
Accrued operating expense	.....	17,500.00
Accrued taxes	177,938.75	222,695.30
Automobile suspense	4,064.37	.....
Depreciation reserve	66,486.74	35,693.24
Surplus	422,065.70	632,201.45
Total liabilities	$1,719,984.92	$2,049,720.01

[fol. 4600]

CITY EXHIBIT #36

The Preston Oil Company

Balance Sheets

Assets:	December 31, 1929	December 31, 1930
Property, plant and equipment	$10,632,924.00	$10,745,221.86
Construction work in progress	65,341.17	51,626.71
Cash	639.21	1,965.56
Notes receivable	.....	1,704.53
Accounts receivable	58,204.43	48,685.61
Gasoline on hand	11,660.49	10,822.44
Oil on hand	91,245.62	36,123.06
General supplies	143,458.11	94,495.46
Prepaid accounts	1,231.98	15,380.36
Contingent assets	.....	1,396.07
Other deferred charges	83,178.70	39,375.39
Purchasing and stores suspense	.....	1,481.70
Total assets	$11,087,883.71	$11,048,278.75
Liabilities:		
Capital stock—common	$2,000,000.00	$2,000,000.00
Loans payable	5,430,000.00	6,402,000.00
Accounts payable	263,928.06	16,309.49
Interest payable	59,310.05	91,531.86
Accrued taxes	86,130.81	99,432.96
Other liabilities	4,369.32	2,880.95
Reserve for depreciation	2,328,926.68	1,724,177.89
Reserve for amortization	289,655.64	265,882.46
Other reserves	19,372.66	13,758.30
Surplus	606,190.49	432,304.84
Total liabilities	$11,087,883.71	$11,048,278.75

[fol. 4601]

CITY EXHIBIT #37

The Preston Oil Company

Statement Showing Book Investment, Income and Dividends with Ratio of Income to Book Investment and Ratio of Dividends to Book Investment

Year ended Decem- 31st	Book investment as of December 31st	Income available for dividends, surplus, etc.	Dividends	Ratio of income to book investment	Ratio of dividends to book investment
1930.....	$10,796,848.57	$1,263,489.69	$1,411,621.84*	11.7%	13.1%

* Dividends were declared and paid out of income and surplus.

Income	$1,263,489.69
Surplus	148,132.15
Total	$1,411,621.84

[fol. 4602]

CITY EX. #39

Analysis of Direct Overheads

(Inclusive of Incidental Costs)

Reference to Company Exhibit 2, Valuation of the Property of The Columbus Gas & Fuel Company for Service within the City of Columbus, Ohio

This statement is for the purpose of expressing in total amounts of money, incidental or direct overhead costs also expressed and applied as percentages in the development of the cost units applied to the inventory of property.

Acct. 234 Mains:

	Per cent	Material		Installation			
		Pipe	Fittings	Labor	Construction equipment	Labor & equipment	Total
Incidental cost	15	.....	.....	$118,354	.....	.....	.....
" "	5	.....	.....	.....	$6,707	.....	.....
Direct overhead	5	.....	.....	.....	.....	$52,433	.....
" "	4½	$69,635	.....	.....	.....	.....	.....
" "	7½	.....	$8,269	.....	.....	.....	.....
(a)	..	.....	.....	.....	.....	.....	2
							$255,400

(a) Adjustment for balance.

[fol. 4603] Sub Analysis

Incidental Costs 15% on Labor			
Field foremen	3%	$23,670	
Timekeepers and material clerks	2%	15,780	
Purchase, use and loss of tools	5%	39,451	
Workmen's compensation	2%	15,780	
Miscellaneous: Cost of securing labor, Medical expense, Property damage	3%	23,670	
(a)	...		3
Total			$118,354
Incidental Costs 5% on Equipment			
Field foremen	3%	4,024	
Timekeeper and material clerk	2%	2,683	
Total			$6,707
Overheads on Pipe 4½%			
Purchasing	5%	7,738	
Warehousing & checking	1%	15,476	
Omissions, loss and waste	3%	46,428	
(a)	...	.....	7
Total			$69,635
Overheads on Fittings 7½%			
Purchasing	5%	551	
Warehousing and checking	1%	1,102	
Omissions, loss and waste	6%	6,615	
(a)	...	.....	1
Total			$8,269

(a) Adjustment for balance.

[fol. 4604]

CITY EXHIBIT #51

The Ohio Fuel Gas Company

Statement Showing M. C. F. Purchased and Produced, with M. C. F. Sold and Used for Years 1929 and 1930

	Purchased and produced			Sold and used					
*Year—1929	Purchased from West Virginia & Kentucky	Produced and/or purchased in Ohio	Total gas purchased and produced	Field sales	Industrial sales	Wholesale sales	Retail sales	Gas used in operations	Total sold and used
January	2,067,692	4,705,894	6,773,586	26,333	535,440	3,588,924	1,729,595	380,621	6,260,913
February	1,816,364	4,730,482	6,546,846	23,282	593,006	3,349,460	1,676,078	416,783	6,058,609
March	1,715,701	3,855,485	5,571,186	23,564	592,481	2,735,458	1,451,060	360,530	5,163,093
April	1,249,498	3,765,250	5,014,748	25,769	562,613	2,597,632	1,148,862	296,648	4,631,524
May	1,340,410	3,626,069	4,966,479	20,531	584,789	2,463,435	1,201,960	312,604	4,583,319
June	1,041,694	3,144,579	4,186,273	13,505	596,670	1,952,795	1,027,605	269,151	3,859,726
July	1,177,974	2,292,207	3,470,181	30,294	605,907	1,616,684	716,376	234,858	3,203,219
August	1,269,738	2,211,959	3,481,697	30,917	709,830	1,685,769	622,256	217,005	3,215,777
September	1,428,960	2,126,076	3,555,036	20,854	668,530	1,702,116	656,694	218,344	3,266,538
October	1,777,636	2,554,461	4,332,097	60,654	640,527	2,176,271	909,984	254,221	4,011,657
November	1,516,835	3,877,897	5,394,732	32,190	651,186	2,581,164	1,398,855	313,161	4,976,556
December	1,853,726	4,542,998	6,396,724	29,351	506,984	3,275,227	1,644,093	384,143	5,929,798
Total	18,256,228	41,433,357	59,689,585	307,244	7,337,063	29,674,935	14,183,418	3,658,069	55,160,729
Year—1930									
January	1,933,841	4,650,728	6,584,569	22,413	642,449	3,392,919	1,726,789	305,657	6,090,227
February	1,559,909	5,068,546	6,628,455	22,930	695,803	3,315,151	1,750,775	338,627	6,123,286
March	1,787,204	4,024,637	5,811,841	17,275	629,710	3,046,202	1,435,857	257,336	5,386,380
April	1,269,179	4,371,502	5,640,681	18,370	572,563	2,948,277	1,393,011	264,583	5,196,804
May	1,236,760	3,139,800	4,376,560	23,121	514,010	2,251,609	1,032,138	199,476	4,020,654
June	1,114,389	2,666,175	3,780,564	18,669	524,042	1,907,159	867,877	164,673	3,482,420
July	1,011,785	1,952,348	2,964,131	19,271	469,070	1,482,057	640,948	125,020	2,736,366
August	1,255,492	1,634,087	2,889,579	15,310	501,025	1,468,318	543,677	148,531	2,676,861
September	1,371,263	1,824,378	3,195,641	12,688	522,629	1,686,065	609,365	141,082	2,971,829
October	1,452,038	2,447,202	3,899,240	15,437	501,213	2,164,004	787,320	152,338	3,620,312
November	1,403,043	3,479,638	4,882,681	23,497	487,054	2,646,630	1,169,891	215,007	4,542,079
December	1,771,227	3,526,167	5,297,394	5,688	461,312	2,871,125	1,389,302	170,935	4,898,362
Total	17,166,128	38,785,208	55,951,336	214,669	6,521,780	29,178,916	13,346,950	2,483,265	51,745,580

* Includes The Logan Gas Company for first five months—1929 and The Pittsfield Gas Company for year—1929.

[fol. 4605]

CITY EXHIBIT #52

The Columbus Gas and Fuel Company

Statement Showing the Amount of Gas Sold at 45¢ per M.C.F. During Years 1928, 1929, 1930

Year							Total		
	M. C. F.	Avg. rate	Revenue	M. C. F.	Avg. rate	Revenue	M. C. F.	Avg. rate	Revenue
1930	49,934	$.4500	$22,470.30	38,269	$.4500	$17,221.05	88,203	$.4500	$39,691.35
1929	87,472	.4500	39,362.40	.....	.....	.....	87,472	.4500	39,362.40
1928	643	.4500*	289.35	.....	.....	.....	643	.4500	289.35
Total	138,049	$.4500	$62,122.05	38,269	$.4500	$17,221.05	176,318	$.4500	$79,343.10

* 11 months.

[fol. 4606] CITY EXHIBIT #56

[fol. 4607]

The Columbus Gas and Fuel Company

Valuation as of December 31, 1929—H. R. Allensworth

Property for Service Within the City of Columbus

Reproduction Cost New—Distribution System Property

Distribution system property:	Reproduction cost new	Deductions	Reproduction cost new property used and useful
228 Land:			
Regulator & measuring station land in use	$23,150	.....	$23,150
Proposed regulator land	400	$400	.....
Holder station land	18,700	18,700	.....
Total	42,250	19,100	23,150
230 Rights of way	5,072	.....	5,072
231 District regulator structures	10,698	.....	10,698
232 Other distribution system structures:			
Measuring station	14,868	.....	14,868
Holder station structures	3,207	3,207	.....
Total	18,075	3,207	14,868
233 Gas receivers & district regulators:			
District regulators	31,300	.....	31,300
Gas holder	155,000	155,000	.....
Gas holder appurtenant equipment	31,828	31,828	.....
Total	218,128	186,828	31,300
234 Distribution line equipment:			
Mains	2,431,236	.....	2,431,236
Paving over mains	81,249	.....	81,249
Total	2,512,485	.....	2,512,485
235 Service line equipment:			
Services	505,500	.....	505,500
Paving over services	16,402	.....	16,402
Total	521,902	.....	521,902
236–237 Meters & meter installations	449,011	.....	449,011
238 House regulators	16,957	.....	16,957
239 Other distribution equipment	18,990	.....	18,990
Total distribution property	$3,813,568	$209,135	$3,604,433
[fol. 4608]			
Total distribution property	$3,813,568	$209,135	$3,604,433
General property:			
245 Other general land	52,380	.....	52,380
248 Other general structures	102,153	.....	102,153
249 General office equipment	33,902	.....	33,902
251–256 General shop equipment, tools & implements	18,684	.....	18,684
253 General garage equipment	51,197	.....	51,197
Total general property	258,316	.....	258,316
Total distribution & general property	4,071,884	209,135	3,862,749

CITY EXHIBIT #56—Continued

The Columbus Gas and Fuel Company

Valuation as of December 31, 1929—H. R. Allensworth

Property for Service Within the City of Columbus

Reproduction Cost New—Distribution System Property

	Reproduction cost new	Deductions	Reproduction cost new property used and useful
Undistributed construction expenditures:			
Engineering & supervision	193,728	9,502	184,226
General & legal expense	38,745	1,900	36,845
Omissions & contingencies	116,236	5,701	110,535
Interest during construction	238,453	12,548	225,905
Taxes during construction	3,785	764	3,021
Total undistributed construction expenditures	590,947	30,415	560,532
Total reproduction cost new including undistributed construction expenditures	4,662,831	239,550	4,423,281
Working capital including material & supplies	80,000	.....	80,000
Total	$4,742,831	$239,550	$4,503,281

[fol. 4609] CITY EXHIBIT #57

[fol. 4610] The Columbus Gas and Fuel Company

Valuation as of December 31, 1929

Property for Service Within the City of Columbus

Analysis of Allenworth's Reproduction Cost

Distribution Mains, Services and Meters

Distribution mains	$2,431,236.42
Paving over mains	81,248.70
Total mains	2,512,485.12
Services	505,500.05
Paving over services	16,402.05
Total services	521,902.10
Meters	449,011.00
Total reproduction cost new before undistributed construction expenditures	3,483,398.22
Undistributed construction expenditures	507,862.12
Total reproduction cost new including undistributed construction expenditures	$3,991,260.34

[fol. 4611] Mains, Services and Meters

Material:	Mains	Services	Meters	Total
Pipe f.o.b. supplier	$1,416,443.00	$82,064.17	.....	$1,498,507.17
Meters f.o.b. supplier	.....	.....	$385,502.91	385,502.91
Accessory material	111,297.87	149,059.68	14,592.62	274,950.17
Subtotal	1,527,740.87	231,123.85	400,095.53	2,158,960.25
Freight	114,944.37	3,399.05	4,793.02	123,136.44

Direct material cost.	1,642,685.24	234,522.90	404,888.55	2,282,096.69
Purchase, inspection, storage & yard, etc.	30,628.74	7,036.52	8,255.99	45,921.25
Total material cost.....	1,673,313.98	241,559.42	413,144.54	2,328,017.94
Labor:				
Hauling & distributing pipe.....	27,965.63	.....	.....	27,965.63
Excavation, backfill & tamping.....	524,428.21	.....	.....	524,428.21
Laying & jointing...	99,139.45	.....	.....	99,139.45
Testing.....	13,436.13	.....	.....	13,436.13
Installing services & meters.....	.....	250,221.54	29,139.79	279,361.33
Direct supervision & extras.....	45,119.61	.....	5,616.13	50,735.74
Direct labor cost....	710,089.03	250,221.54	34,755.92	995,066.49
Incidentals.....	47,833.41	13,719.09	446.19	61,998.69
Total labor cost.	757,922.44	263,940.63	35,202.11	1,057,065.18
Total Labor & material cost.	2,431,236.42	505,500.05	448,346.65	3,385,083.12
Paving actually cut & replaced.....	81,248.70	16,402.05	.....	97,650.75
To balance—orifice meters.....	.....	.....	664.35	664.35
Total reproduction cost new before undistributed construction expenditures...	$2,512,485.12	$521,902.10	$449,011.00	$3,483,398.22

[fol. 4612]

Distribution Mains

Feet of pipe.....	2,198,465
Pipe cost F. O. B. mill or foundry.....	$1,410,443.00
Freight.....	114,944.37
Purchase, inspection, storage and yard.....	30,628.74
Total pipe cost.....	1,562,016.11
Fittings and valves.....	61,560.72
Couplings.....	14,184.16
Lead.....	34,209.97
Yarn.....	1,343.02
Total accessory material.....	111,297.87
Total material cost.....	1,673,313.98
Hauling and distributing.....	27,965.63
Excavation, backfill and tamping:	
Machine.....	6,680.43
Labor.....	517,747.78
Total excavation, backfill and tamping.....	524,428.21
Laying and jointing.....	99,139.45
Testing.....	13,436.13
Direct supervision and extras.....	45,119.61
Incidentals.....	47,833.41
Total labor cost.....	757,922.44
Reproduction cost.....	$2,431,236.42

CITY EXHIBIT #57—Continued

[fol. 4613] Services

Number of services	52,994
Pipe F.O.B. mill	$82,064.17
Freight	3,399.05
Total pipe cost	85,463.22
Fittings and valves:	
Saddle	29,024.67
Plug	2.56
Nipples	887.94
Street ell	10,559.87
Street tee	27.87
Ell	2,019.11
Tee	1,227.58
Couplings	528.48
Curb stop cock	59,133.15
Gate valve	3,088.26
Curb box	40,891.23
Gate valve box	1,668.96
Total fittings and valves	149,059.68
Total direct material cost	234,522.90
Purchase, inspection, storage and yard, breakage, loss and waste	7,036.52
Total material cost	241,559.42
Installation cost:	
Labor	201,650.03
Incidentals	13,719.09
Truck expense	48,571.51
Total installation cost	263,940.63
Reproduction cost	$505,500.05

[fol. 4614] Meters in Service

	Meters low pressure lines	Meters medium pressure lines	Total
Number of meters in service	25,430	23	25,453
Meters F.O.B. factory	$382,634.71	$2,868.20	$385,502.91
Connections	13,332.46	1,260.16	14,592.62
Freight	4,757.54	35.48	4,793.02
Subtotal	400,724.71	4,163.84	404,888.55
Purchase, inspection, storage and yard, breakage, loss and waste	8,160.12	95.87	8,255.99
Total material cost	408,884.83	4,259.71	413,144.54
Labor charges—equipment	12,194.14	46.40	12,240.54
Installation labor	16,775.68	128.57	16,899.25
Direct supervision	5,565.48	50.65	5,616.13
Subtotal	34,535.30	220.62	34,755.92
Incidentals	442.73	3.46	446.19
Total labor cost	34,978.03	224.08	35,202.11
Total cost—labor and material	443,862.86	4,483.79	448,346.65
To balance—2 orifice meters	.....	664.35	664.35
Reproduction cost	$443,862.86	$5,148.14	$449,011.00

[fol. 4615] CITY EXHIBIT #58

[fol. 4616]

The Columbus Gas and Fuel Company

Valuation as of December 31, 1929

Property for Service Within the City of Columbus

Collation

Company's Reproduction Cost and Allensworth's Reproduction Cost

Distribution Mains, Services and Meters

	Company's reproduction cost	Allensworth's reproduction cost	Difference
Distribution mains	$2,835,631.61	$2,431,236.42	$404,395.19
Collar leak clamps	99,542.67	.....	99,542.67
Paving over mains	100,264.63	81,248.70	19,015.93
Total Mains	3,035,438.91	2,512,485.12	522,953.79
Services:	594,752.56	505,500.05	89,252.51
Paving over services	.....	16,402.05	(16,402.05)
Total services	594,752.56	521,902.10	72,850.46
Meters	458,902.48	449,011.00	9,891.48
Total reproduction cost new before undistributed construction expenditures	4,089,093.95	3,483,398.22	605,695.73
Undistributed construction expenditures	613,364.09	507,862.12	105,501.97
Total reproduction cost new including undistributed construction expenditures	4,702,458.04	3,991,260.34	711,197.70
Going concern value determined by the amount of the foregoing reproduction cost new	470,245.80	.....	.....
Cash working capital inclusive of allowance for material & supplies determined by the amount of the foregoing reproduction cost new	197,785.38	.....	.....
Total	$5,370,489.22	.....	.....

[fol. 4617]

Distribution Mains

Material:			
Pipe f.o.b. supplier	$1,432,417.80	$1,416,443.00	$15,974.80
Accessory materials	193,790.38	111,297.87	83,492.51
Subtotal	1,626,208.18	1,527,740.87	98,467.31
Freight	114,572.19	114,944.37	(372.18)
Total direct material cost	1,740,780.37	1,642,685.24	98,095.13
Labor:			
Hauling and distributing	61,721.93	27,965.63	33,756.30
Excavation, backfill & tamping	660,194.20	524,428.21	135,765.99
Laying and jointing	137,091.67	99,139.45	37,952.22
Testing	10,848.93	13,436.13	(2,587.20)
Maintaining lights, barricades, etc.	53,288.50	.....	53,288.50
Installing collar leak clamps	7,861.64	.....	7,861.64
Direct supervision and extras	.....	45,119.61	(45,119.61)

CITY EXHIBIT #58—Continued

The Columbus Gas and Fuel Company

Valuation as of December 31, 1929

Property for Service Within the City of Columbus

Collation

Company's Reproduction Cost and Allensworth's Reproduction Cost

	Company's reproduction cost	Allensworth's reproduction cost	Difference
Total direct labor cost	931,006.87	710,089.03	220,917.84
Total direct material and labor	2,671,787.24	2,352,774.27	319,012.97
Allowances and overheads:			
Allowances	126.291.09		126,291.09
Overhead on labor (incidentals	52,881.37	47,833.41	5,047.96
Overhead on material	84,123.74	30,628.74	53,495.00
Total allowances and overheads	263,296.20	78,462.15	184,834.05
Total	2,935,083.44	2,431,236.42	503,847.02
To balance	90.84		90.84
Reproduction cost	$2,935,174.28	$2,431,236.42	$503,937.86

[fol. 4618]

	Services		
Total services	52,994	52,994	
Material:			
Pipe F. O. B. mill	$82,562.37	$82,064.17	$498.20
Freight	3,330.88	3,399.05	(68.17)
Subtotal	85,893.25	85,463.22	430.03
Fittings and valves			
Saddles	29,327.75	29,024.67	303.08
Plugs	60.64	2.56	58.08
Nipples	1,205.24	887.94	317.30
St. ells	10,475.64	10,559.87	(84.23)
St. tees	88.87	27.87	61.00
Ells	2,369.14	2,019.11	350.03
Tees	1,599.66	1,227.58	372.08
Couplings	725.02	528.48	196.54
Curb stop	59,203.12	59,133.15	69.97
Gate valves	3,088.75	3,088.26	.49
Curb box	40,799.42	40,891.23	(91.81)
Gate box	1,670.54	1,668.96	1.58
Total fittings and valves	150,613.79	149,059.68	1,554.11
Total direct material cost	236,507.04	234,522.90	1,984.14
Installation cost—equipment	54,724.25	48,571.51	6,152.74
labor	266,624.91	201,650.03	64,974.88
Total direct labor cost	321,349.16	250,221.54	71,127.62
Total direct material and labor	557,856.20	484,744.44	73,111.76

The Columbus Gas and Fuel Company

Valuation as of December 31, 1929

Property for Service Within the City of Columbus

Collation

Company's Reproduction Cost and Allensworth's Reproduction Cost

Services

	Company's reproduction cost	Allensworth's reproduction cost	Difference
Allowances and overheads:			
Allowances	7,493.16	.....	7,493.16
Overhead on labor (incidentals)	14,183.98	13,719.09	464.89
Overhead on material	15,218.32	7,036.52	8,181.80
Total allowances and overheads	36,895.46	20,755.61	16,139.85
Reproduction cost	$594,751.66	$505,500.05	$89,251.61

[fol. 4619] Meters in Service

Number of meters	25,453	25,453	.....
Material—meters F. O. B. factory	$385,502.91	$385,502.91	.....
Connections and accessories	14,592.42	14,592.62	(.20)
Subtotal	400,095.33	400,095.53	(.20)
Freight	4,793.02	4,793.02	.....
Total direct material cost	404,888.35	404,888.55	(.20)
Installation cost—equipment	12,264.28	12,240.54	23.74
Labor	16,923.86	16,899.25	24.61
Direct supervision	.....	5,616.13	(5,616.13)
Total direct labor cost	29,188.14	34,755.92	(5,567.78)
Total direct labor and material cost	434,076.49	439,644.47	(5,567.98)
Allowances and overhead charges:			
Labor allowance	4,112.73	.....	4,112.73
Overhead on labor (incidentals)	1,656.35	446.19	1,210.16
Overhead on material (purchase, inspection, storage & yard, breakage, loss & waste)	18,392.56	8,255.99	10,136.57
Total allowances and overhead	24,161.64	8,702.18	15,459.46
Total cost labor and material	458,238.13	448,346.65	9,891.48
To balance—orifice meters	664.35	664.35	.....
Reproduction cost	$458,902.48	$449,011.00	$9,891.48

[fol. 4620] CITY EX. #59

[fol. 4621] The Columbus Gas and Fuel Company

Valuation as of December 31, 1929—H. R. Allensworth

Property for Service Within the City of Columbus

Reproduction Cost New Less Depreciation

Distribution System Property

	Reproduction cost new property used and useful	Depreciation	Reproduction cost new less depreciation property used and useful
Distribution system property:			
228 Land	$23,150	.....	$23,150
230 Rights of way	5,072	.....	5,072
231 District regulator structures	10,698	1,097	9,601
232 Measuring station structures	14,868	238	14,630
233 District regulators	31,300	1,205	30,095
234 Distribution line equipment:			
Mains	2,431,236	680,746	1,750,490
Paving over mains	81,249	22,750	58,499
Total	2,512,485	703,496	1,808,989
235 Service line equipment:			
Services	505,500	176,925	328,575
Paving over services	16,402	5,741	10,661
Total	521,902	182,666	339,236
236–237 Meters & meter installations	449,011	67,352	381,659
238 House regulators	16,957	2,544	14,413
239 Other distribution equipment	18,990	503	18,487
Total distribution property	$3,604,433	$959,101	$2,645,332

[fol. 4622]

Total distribution property	$3,604,433	$959,101	$2,645,332
General property:			
245 Other general land	52,380	.....	52,380
248 Other general structures	102,153	317	101,836
249 General office equipment	33,902	5,085	28,817
251–256 General shop equipment, tools & implements	18,684	4,671	14,013
253 General garage equipment:			
Appliances & equipment	6,942	1,736	5,206
Autos, trucks, etc.	44,255	30,868	13,387
Total	51,197	32,604	18,593
Total general property	258,316	42,677	215,636
Total distribution & general property	3,862,749	1,001,778	2,860,971

Undistributed construction expenditure			
Engineering & supervision	184,226	48,663	135,563
General & legal expense	36,845	9,733	27,112
Omissions & contingencies	110,535	29,198	81,337
Interest during construction	225,905	58,399	167,506
Taxes during construction	3,021	.....	3,021
Total undistributed construction expenditures	560,532	145,993	414,539
Total reproduction cost new including undistributed construction expenditures	4,423,281	1,147,771	3,275,510
Working capital including material & supplies	80,000	.....	80,000
Total	$4,503,281	$1,147,771	$3,355,510

[fol. 4623] CITY Ex. No. 60

[fol. 4624] The Columbus Gas and Fuel Company

Valuation as of December 31, 1929

Property for Service Within the City of Columbus

Collation

Company's Reproduction Cost and Allensworth's Reproduction Cost

	Company's reproduction cost	Allensworth's reproduction cost	Difference
Distribution system property:			
228 Land:			
Regulator & measuring station land in use	$23,150	$23,150	.....
Proposed regulator land	400	.....	$400
Holder station land	18,700	.....	18,700
Total	42,250	23,150	19,100
230 Rights of way	5,072	5,072	.....
231 District regulator structures	10,847	10,698	149
232 Other distribution system:			
Structures:			
Measuring stations	14,959	14,868	91
Holder station	3,207	.....	3,207
Total	18,166	14,868	3,298
233 Gas receivers & district regulators:			
District regulators	31,311	31,300	11
Gas holder	155,000	.....	155,000
Gas holder appurtenant equipment	31,828	.....	31,828
Total	218,139	31,300	186,839

CITY EX. #60—Continued

	Company's reproduction cost	Allensworth's reproduction cost	Difference
234 Distribution line equipment:			
Mains	2,835,632	2,431,236	404,396
Collar leak clamps	99,543	.....	99,543
Paving over mains	100,265	81,249	19,016
Total	3,035,440	2,512,485	522,955
235 Service line equipment:			
Services	594,753	505,500	89,253
Paving over services	.....	16,402	(16,402)
Total	594,753	521,902	72,851
236–237 Meters & meter installations	458,902	449,011	9,891
238 House regulators	16,957	16,957	.....
239 Other distribution equipment	18,017	18,990	(973)
Total distribution property	$4,418,543	$3,604,433	$814,110
[fol. 4625]			
Total distribution property	$4,418,543	$3,604,433	$814,110
General property:			
245 Other general land	52,380	52,380	.....
248 Other general structures	102,153	102,153	.....
249 General office equipment	33,902	33,902	.....
251–256 General shop equipment, tools & implements	18,684	18,684	.....
253 General Garage equipment:			
Appliances & equipment	6,942	6,942	.....
Autos, trucks, etc.	44,255	44,255	.....
Total	51,197	51,197	.....
Total general property	258,316	258,316	.....
Total distribution & general property	4,676,859	3,862,749	814,110
Undistributed construction expenditures:			
Engineering & supervision	205,972	184,226	21,746
General & legal expense	114,429	36,845	77,584
Omissions & contingencies	.....	110,535	(110,535)
Taxes during construction	91,543	3,021	88,522
Interest during construction	274,629	225,905	48,724
Undistributed construction expense on land & right of way	9,970	Included	9,970
Total undistributed construction expenditures	696,543	560,532	136,011
Total reproduction cost new including undistributed construction expenditures	5,373,402	4,423,281	950,121
Going concern value	537,340	.....	537,340
Working capital including allowance for material & supplies	226,000	80,000	146,000
Total	$6,136,742	$4,503,281	$1,633,461

[fol. 4626] Company's Reproduction Cost New Less Depreciation

Allensworth's Reproduction Cost New Less Depreciation

	Company's reproduction cost new less depreciation	Allensworth's reproduction cost new less depreciation	Difference
Distribution system property:			
228 Land:			
Regulator & measuring station land in use	$23,150	$23,150	.....
Proposed regulator land	400	.....	$400
Holder station land	18,700	.....	18,700
Total	42,250	23,150	19,100
230 Rights of way	5,072	5,072	.....
231 District regulator structures	9,722	9,601	121
232 Other distribution system:			
Structures:			
Measuring stations	14,721	14,630	91
Holder station	2,908	.....	2,908
Total	17,629	14,630	2,999
233 Gas receivers & district regulators:			
District regulators	30,097	30,095	2
Gas holder	121,263	.....	121,263
Gas holder appurtenant equipment	24,900	.....	24,900
Total	176,260	30,095	146,165
234 Distribution line equipment:			
Mains	2,344,084	1,750,490	593,594
Collar leak clamps	88,510	.....	88,510
Paving over mains	82,884	58,499	24,385
Total	2,515,478	1,808,989	706,489
235 Service line equipment:			
Services	459,744	328,575	131,169
Paving over services	.....	10,661	(10,661)
Total	459,744	339,236	120,508
236-237 Meters & meter installations	438,835	381,659	57,176
238 House regulators	14,402	14,413	(11)
239 Other distribution equipment	17,513	18,487	(974)
Total distribution property	$3,696,905	$2,645,332	$1,051,573

[fol. 4627]

Total distribution property	$3,696,905	$2,645,332	$1,051,573
General property:			
245 Other general land	52,380	52,380	.....
248 Other general structures	101,836	101,836	.....
249 General office equipment	29,433	28,817	616
251-256 General shop equipment, tools & implements	15,738	14,013	1,725

CITY EX. #60—Continued

	Company's reproduction cost new less depreciation	Allensworth's reproduction cost new less depreciation	Difference
253 General garage equipment:			
Appliances & equipment	6,320	5,206	1,114
Autos, trucks, etc.	33,191	13,387	19,804
Total	39,511	18,593	20,918
Total general property	238,898	215,639	23,259
Total distribution & general property	3,935,803	2,860,971	1,074,832
Undistributed construction expenditures:			
Engineering & supervision	172,625	135,563	37,062
General & legal expense	95,903	27,112	68,791
Omissions & contingencies	.....	81,337	(81,337)
Taxes during construction	76,722	3,021	73,701
Interest during construction	230,166	167,506	62,660
Undistributed construction expense on land & right of way	[redacted]	Included	9,970
Total undistributed construction expenditures	584,386	414,539	170,847
Total reproduction cost new including undistributed construction expenditures	4,521,189	3,275,510	1,245,679
Going concern value	537,340	.....	537,340
Working capital including allowance for material & supplies	226,000	80,000	146,000
Total	$5,284,529	$3,355,510	$1,929,019

[fol. 4628] CITY EX. No. 65

Classification of Leaseholds

Class 1. Leases of tracts of land having producing gas wells drilled thereon from which gas in being furnished to the public.

Class 2. Leases of tracts of land proved by actual developments and operations in the immediate vicinity thereof to be good gas-producing lands, but which do not have any producing wells drilled thereon.

Class 3. Leases of tracts of land shown by surrounding or neighboring developments of operations, geological considerations, etc., to be reasonably certain to be good gas land, at least as to large portions thereof, but not yet demonstrated to be such by actual drilling.

Class 4. Leases of tracts of land situate within the areas of territory where gas sands are known or assumed to exist

from general geological conditions, but which are so remote from actual gas-producing wells or territory that they are merely prospective gas lands.

[fol. 4629] CITY EX. #67

[fol. 4630]

The Columbus Gas and Fuel Company

Income Statement—Calendar Year 1929

Natural Gas Distributed in the City of Columbus

Collation

Company's Claims as Per Company-Seyffert Exhibit No. 10

Company's Experience as Per Company's Book Accounts

	Company-Seyffert exh. No. 10	Company's book accounts	Difference
Natural gas distributed (m. c. f.)	5,848,495	5,848,495	
Gross revenue:			
Gas revenue	$2,861,918.33	$2,861,918.33	
Misc., shop & other revenue		4,551.26	$(4,551.26)
Total	2,861,918.33	2,866,469.59	(4,551.26)
Gas purchased for resale (m. c. f.)	6,255,075	6,084,655	170,420
Cost of gas purchased for resale	2,814,783.75	2,222,005.11	592,778.64
Gas purchased expense	1,078.32	1,078.32	
Distribution expense	141,534.62	141,534.62	
Utilization expense	28,865.93	28,865.93	
Commercial expense	108,798.99	108,798.99	
New business expense	47,438.75	47,438.75	
Rate case expense	50,814.02	25,242.20	25,571.82
General expense	162,925.13	162,925.13	
Gas used in operation	(1,801.44)	(1,801.44)	
Miscellaneous, shop & other expense		(6,219.98)	6,219.98
Total exclusive of gas purchased	539,654.32	507,862.52	31,791.80
Operating expense including cost of gas purchased	3,354,438.07	2,729,867.63	624,570.44
Depreciation expense	177,617.36	88,367.69	89,249.67
Taxes:			
Real and personal property tax	92,398.23	92,398.23	
Excise tax	34,150.96	34,150.96	
Public Utility Commission:			
Maintenance tax	1,343.63	1,343.63	
Miscellaneous — (auto licenses)	1,778.72	1,778.72	
Total taxes	129,671.54	129,671.54	
Total expense including depreciation and taxes	3,661,726.97	2,947,906.86	713,820.11
Net income available for return on investment	$(799,808.64)	$(81,437.27)	(718,371.37)

CITY EX. #67—Continued

[fol. 4631]

Company's Experience Per Book Accounts

Company's Book Accounts as Per Interpretation of H. R. Allensworth

	Company's book accounts	Allensworth's interpretation, city exhibit #61	Difference
Natural gas distributed (m. c. f.)	5,848,495	5,848,495	
Gross revenue:			
Gas revenue	$2,861,918.33	$2,861,918.33	
Misc., shop & other revenue	4,551.26	4,551.26	
Total	2,866,469.59	2,866,469.59	
Gas purchased for resale (m. c. f.)	6,084,655	6,084,656	(1)
Cost of gas purchased for resale	2,222,005.11	1,898,412.67	323,592.44
Gas purchased expense	1,078.32	1,078.32	
Distribution expense	141,534.62	113,108.58	28,426.04
Utilization expense	28,865.93	28,865.93	
Commercial expense	108,798.99	108,798.99	
New business expense	47,438.75	23,761.85	23,676.90
Rate case expense	25,242.20		25,242.20
General expense	162,925.13	101,742.16	61,182.97
Gas used in operation	(1,801.44)	(1,801.44)	
Miscellaneous, shop & other expense	(6,219.98)	(6,344.27)	124.29
Depreciation on garage equipment		(8,838.47)	8,838.47
Total exclusive of gas purchased	507,862.52	360,371.65	147,490.87
Operating expense including cost of gas purchased	2,729,867.63	2,258,784.32	471,083.31
Depreciation expense	88,367.69	97,533.50	(9,165.81)
Taxes:			
Real and personal property tax	92,398.23	87,691.95	4,706.28
Excise tax	34,150.96	38,697.34	(4,546.38)
Public Utility Commission maintenance tax	1,343.63	1,469.36	(125.73)
Miscellaneous — (Auto licenses)	1,778.72	1,869.56	(90.84)
Federal income tax		34,100.92	(34,100.92)
Total taxes	129,671.54	163,829.13	(34,157.59)
Total expense including depreciation and taxes	2,947,906.86	2,520,146.95	(427,759.91)
Net income available for return on investment	$(81,437.27)	$346,322.64	$(427,759.91)

[fol. 4632]

Company's Claims as Per Company-Seyffert Exhibit No. 10

Company's Book Accounts as Per Interpretation of H. R. Allensworth

Adjusted to Cycle from Dec. 17, 1928 to Dec. 16, 1929 City Exh. #69

	Company-Seyffert exh. No. 10	Allensworth's interpretation city exhibit #61	Difference
Natural gas distributed (m. c. f.)	5,848,495	5,848,495	.....
Gross revenue:			
Gas revenue	$2,861,918.33	$2,861,918.33	.....
Misc., shop & other revenue	.....	4,551.26	$(4,551.26)
Total	2,861,918.33	2,866,469.59	(4,551.26)
Gas purchased for resale (m. c. f.)	6,255,075	6,084,656	170,419
Cost of gas purchased for resale	2,814,783.75	1,898,412.67	916,371.08
Gas purchased expense	1,078.32	1,078.32	.....
Distribution expense	141,534.62	113,108.58	28,426.04
Utilization expense	28,865.93	28,865.93	.....
Commercial expense	108,798.99	108,798.99	.....
New business expense	47,438.75	23,761.85	23,676.90
Rate case expense	50,814.02	.....	50,814.02
General expense	162,925.13	101,742.16	61,182.97
Gas used in operation	(1,801.44)	(1,801.44)	.....
Miscellaneous, shop & other expense	.....	(6,344.27	6,344.27
Depreciation on garage equipment	.....	(8,838.47)	8,838.47
Total exclusive of gas purchased	539,654.32	360,371.65	179,282.67
Operating expense including cost of gas purchased	3,354,438.07	2,258,784.32	1,095,653.75
Depreciation expense	177,617.36	97,533.50	80,083.86
Taxes:			
Real & personal property tax	92,398.23	87,691.95	4,706.28
Excise tax	34,150.96	38,697.34	(4,546.38)
Public Utility Commission maintenance tax	1,343.63	1,469.36	(125.73)
Miscellaneous (auto licenses)	1,778.72	1,869.56	(90.84)
Federal income tax	.....	34,100.92	(34,100.92)
Total taxes	129,671.54	163,829.13	(34,157.59)
Total expense including depreciation and taxes	3,661,726.97	2,520,146.95	1,141,580.02
Net income available for return on investment	$(799,808.64)	$346,322.64	$(1,146,131.28)

CITY EX. #67—Continued

[fol. 4633]

Detail of Expense Accounts

Collation

Company's Experience as Per Book Accounts

Company's Book Accounts as Per Interpretation of H. R. Allensworth

Acct. No.	Company's book accounts	Allensworth's interpretation city exhibit #61	Difference
Distribution expense:			
389 Superintendence labor	$10,712.46	$10,712.46	.....
390 Distribution line labor	6,652.80	6,652.80	.....
391 Labor removing and resetting meters	14,037.14	14,037.14	.....
392 Labor insp. & testing meters	255.98	255.98	.....
393 Other meter department labor	2,149.36	2,149.36	.....
394 Other distribution system labor	4,498.16	4,498.16	.....
395 Sup't, supplies & expenses	885.29	885.29	.....
396 Dist'n line supplies & expense	7,651.23	7,651.23	.....
397 Meter dept. supplies & expense	15,732.68	15,732.68	.....
398 Distribution system rent	1,672.15	1,672.15	.....
399 Other dist'n system supp. & exp	5,045.07	4,893.12	151.95
400 Maint. of distribution structures	276.79	276.79	.....
401 Maint. of distribution lines	50,856.82	22,582.73	28,274.09
402 Changing distribution lines	731.10	731.10	.....
403 Maint. of service line equip	14,362.34	14,362.34	.....
404 Maint. of meters	483.75	483.75	.....
405 Maint. of house regulators	35.54	35.54	.....
406 Maint. of gas rec's & dist. reg's	4,576.80	4,576.80	.....
407 Maint. of other equip	919.16	919.16	.....
Total distribution expense	141,534.62	113,108.58	28,426.04
Utilization expense:			
411 Customers' premises labor	23,137.38	23,137.38	.....
415 Customers' premises supp. & exp	5,728.55	5,728.55	.....
Total utilization expense	28,865.93	28,865.93	.....
Commercial expense:			
420 Operating labor	87,332.13	87,332.13	.....
421 Operating supplies & expense	21,466.86	21,466.86	.....
Total commercial expense	108,798.99	108,798.99	.....

New business expense.....			
422 Salaries.....	30,388.23	6,711.33	23,676.90
424 Supplies and expense....	17,050.52	17,050.52	.....
Total new business expense.....	47,438.75	23,761.85	23,676.90

[fol. 4634]

General expense:			
427 Salaries of general officers.	$2,989.14	$17,616.06	$(14,626.92)
427½ Oper. & eng. service fees	70,159.81	.....	70,159.81
428 Salaries of gen. office clerks.....	4,537.47	4,577.15	(39.68)
429 Gen. ofc. stationery & printing.....	1,743.35	1,758.59	(15.24)
430 Other gen. office supplies.	205.14	206.94	(1.80)
431 General officers' expense.	653.36	659.07	(5.71)
432 Gen. ofc. clerks' supp. & exp.....	21.07	21.25	(.18)
433 General law expense.....	2,355.49	2,376.09	(20.60)
434 General office rent.....	1,204.11	1,214.64	(10.53)
435 Other general office expense.....	2,587.54	2,610.17	(22.63)
437 Maintenance of gen. ofc. equip.....	121.25	122.31	(1.06)
448 Laboratory supp. & expense.....	470.20	474.31	(4.11)
452 Uncollectible consumers' accts.....	6,066.46	6,119.51	(53.05)
454 Injuries & damages.....	25,568.36	25,791.96	(223.60)
455 Other insurance.....	4,438.75	4,476.36	(37.61)
455½ Employees' group Insurance.....	2,091.25	2,109.54	(18.29)
456 Relief & pensions.....	5,306.13	5,352.53	(46.40)
457 Other general expenses...	34,202.48	28,091.28	6,111.20
458 Inventory adjustments...	68.79	69.39	(.60)
459 Discounts received on merchandise purchased.	(1,865.02)	(1,904.99)	39.97
Total general expense.....	$162,925.13	$101,742.16	$61,182.97

[fol. 4635] CITY EX. No. 68

[fol. 4636] Table No. I

Organization of Labor Gang for Laying 6-inch Cast Iron Gas Pipe in Columbus, Ohio (8-Hour Day)

Classification	No.	Rate	Amount
Trenching & backfilling:			
Digging trench.....	45	$3.20	$144.00
Backfilling trench.....	20	3.20	64.00
Tampers.....	12	3.20	38.40
Cleaning up trench.....	4	3.20	12.80
Water boys.....	2	2.40	4.80
Watchman.....	2	3.20	6.40
Blacksmith.....	1	4.00	4.00
Total trenching.....	86	.....	$274.40

Installing pipe:	No.	Rate	Amount
Handling pipe	4	3.20	12.80
Lead kettle	2	3.20	5.40
Caulkers	5	4.00	20.00
Yarners	2	3.60	7.20
Testing—4 man hours	..	0.50	2.00
Total pipe laying	13+	....	48.40
Superintendence:			
Foreman	3	4.80	14.40
Superintendent	1	6.40	6.40
Total superintendence	4	....	20.80
Total labor cost	103	....	343.60
Cost of truck 8 hrs. @ $2.00	...	....	16.00
			$359.60

Performance

1 man working 8 hrs. will excavate 5.0 cu. yds. = 0.625 cu. yds. per man hour.
Total man hours = 45 × 8 = 360.
Total excavation 8 hrs. = 360 × 0.625 = 225 cu. yds. = 6075 cu. ft.
No. of cu. ft. per lin. ft. of 6-inch pipe = 6.0.
No. of lin. ft. of pipe laying completed = 1,013 ft.

Cost per ft. of pipe and trenching, all labor $\frac{359.60}{1,013}$ = $0.355

Tools @ $10.00 daily =	0.010
Total cost per ft.	$0.365

[fol. 4637]

Organization of Labor Gang for Laying 8-inch Cast Iron Gas Pipe in Columbus, Ohio (8-Hour Day)

Classification	No.	Rate	Amount
Trenching & backfilling:			
Digging trench	45	$3.20	$144.00
Backfilling trench	20	3.20	64.00
Tampers	12	3.20	38.40
Cleaning up trench	4	3.20	12.80
Water boys	2	2.40	4.80
Watchman	2	3.20	6.40
Blacksmith	1	4.00	4.00
Total trenching	86	....	$274.40
Installing pipe:			
Handling pipe	6	3.20	19.20
Lead kettle	2	3.20	6.40
Caulkers	5	4.00	20.00
Yarners	2	3.60	7.20
Testing—4 man hours	..	0.50	2.00
Total pipe laying	15+	....	54.80

Superintendence:	No.	Rate	Amount
Foreman	3	4.80	14.40
Superintendent	1	6.40	6.40
Total superintendence	4	....	20.80
Total labor cost	105	....	350.00
Cost of truck 8 hrs. @ $2.00	..	....	16.00
Total	..	....	$366.00

Performance

1 man working 8 hrs. will excavate 5.0 cu. yds. = 0.625 cu. yd. per man hour.
Total man hours = 45 × 8 = 360.
Total excavation 8 hours = 360 × 0.625 = 225 cu. yds. = 6075 cu. ft.
No. of cu. ft. per lin. ft. of 8-inch pipe = 6.85.
No. of lineal ft. of pipe laying completed = 887.

Cost per ft. of pipe and trenching, all labor = $\frac{366.00}{887}$ = $0.413

Tools @ $10.00 daily	0.011
Total cost per ft.	$0.424

[fol. 4638]

Organization of Labor Gang for Laying 10-inch Cast Iron Gas Pipe in Columbus, Ohio (8-Hour Day)

Classification	No.	Rate	Amount
Trenching & backfilling:			
Digging trench	45	$3.20	$144.00
Backfilling trench	20	3.20	64.00
Tampers	12	3.20	38.40
Cleaning up trench	4	3.20	12.80
Water boys	2	2.40	4.80
Watchman	2	3.20	6.40
Blacksmith	1	4.00	4.00
Total trenching	86	....	274.40
Installing pipe:			
Handling pipe	8	3.20	25.60
Lead kettle	2	3.20	6.40
Caulkers	5	4.00	20.00
Yarners	2	3.60	7.20
Testing—4 man hours	..	0.50	2.00
Total pipe laying	17+	....	61.20
Superintendence:			
Foreman	3	4.80	14.40
Superintendent	1	6.40	6.40
Total superintendence	4	....	20.80
Total labor cost	107	....	356.40
Cost of truck 8 hrs. @ $2.00	..	....	16.00
Total	..	....	$372.40

Performance

1 man working 8 hrs. will excavate 5.0 cu. yds. = 0.625 cu. yd. per man hour.
Total man hours = 45 × 8 = 360.
Total excavation 8 hours = 360 × 0.625 = 225 cu. yds. = 6075 cu. ft.
No. of cu. ft. per lin. ft. ft. 10-inch pipe = 7.75.
No. of lin. ft. of pipe laying completed = 784 ft.

Cost per ft. of pipe and trenching, all labor = $\frac{372.40}{784}$ = $0.475

Tools @ $10.00 daily =	0.010
Total cost per ft.	$0.485

[fol. 4639]

Organization of Labor Gang for Laying 12-inch Cast Iron Gas Pipe in Columbus, Ohio (8-Hour Day)

Classification	No.	Rate	Amount
Trenching & backfilling:			
Digging trench	45	$3.20	$144.00
Backfilling trench	20	3.20	64.00
Tampers	12	3.20	38.40
Cleaning up trench	4	3.20	12.80
Water boys	2	2.40	4.80
Watchman	2	3.20	6.40
Blacksmith	1	4.00	4.00
Total trenching	86	....	$274.40
Installing pipe:			
Handling pipe	12	3.20	38.40
Lead kettle	1	3.20	3.20
Caulkers	4	4.00	16.00
Yarners	2	3.60	7.20
Testing—4 man hours	..	0.50	2.00
Total pipe laying	19+	....	66.80
Superintendence:			
Foreman	3	4.80	14.40
Superintendent	1	6.40	6.40
Total superintendence	4	....	20.80
Total labor cost	109	....	$362.00
Cost of truck 8 hrs. @ $2.00	..	....	16.00
Total	..	....	$378.00

Performance

1 man working 8 hrs. will excavate 5.0 cu. yds. = 0.625 cu. yd. per man hour.
Total man hours = 45 × 8 = 360.
Total excavation 8 hours = 360 c 0.625 = 225 cu. yds. = 6075 cu. ft.
No. of cu. ft. per lin. ft. of 12-inch pipe = 9.5.
No. of lin. ft. of pipe laying completed = 640.

Cost per ft. of pipe and trenching, all labor = $\frac{378.00}{640}$ = $0.590

Tools @ $10.00 daily =	0.016
Total cost per ft.	$0.606

[fol. 4640]

Organization of Labor Gang for Laying 16-Inch Cast Iron Gas Pipe in Columbus, Ohio (8-Hour Day)

Classification	No.	Rate	Amount
Trenching & backfilling:			
Digging trench	45	$3.20	$144.00
Backfilling trench	20	3.20	64.00
Tampers	12	3.20	38.40
Cleaning up trench	4	3.20	12.80
Water boys	2	2.40	4.80
Watchman	2	3.20	6.40
Blacksmith	1	4.00	4.00
Total trenching	86	....	$274.40
Installing pipe:			
Handling pipe	14	3.20	44.80
Lead kettle	1	3.20	3.20
Caulkers	4	4.00	16.00
Yarners	2	3.60	7.20
Testing—4 man hours	....	0.50	2.00
Total pipe laying	21	....	73.20
Superintendence:			
Foreman	3	4.80	14.40
Superintendent	1	6.40	6.40
Total superintendence	4	....	20.80
Total labor cost	111	....	$368.40
Cost of truck 8 hrs. @ $2.00	....	....	16.00
Total	....	....	$384.40

Performance

1 man working 8 hrs. will excavate 5.0 cu. yds. = 0.625 cu. yds. per man hour.
Total man hours = 45 × 8 = 360.
Total excavation 8 hours = 360 × 0.625 = 225 cu. yds. = 6075 cu. ft.
No. of cu. ft. per lin. ft. of 16-inch pipe = 12.6.
No. of lin. ft. of pipe laying completed = 482 ft.

Cost per ft. of pipe and trenching, all labor $= \frac{\$384.40}{482} = \$0.799$

Tools @ $10.00 daily =	0.021
Total cost per ft.	$0.820

[fol. 4641]

Organization of Labor Gang for Laying 20-Inch Cast Iron Gas Pipe at Columbus, Ohio (8-Hour Day)

Trenching & backfilling (Same as 6–16-inch)	$274.40
Installing pipe (Same as 16-inch)	73.20
Superintendence (Same as 16-inch)	20.80
Total	$368.40
Truck 8 hrs. @ $2.00	16.00
Total	$384.40

Total excavation = 6075 cu. ft. (Same as 6″).
Cu. ft. per lin. ft. of 20-inch pipe = 15.2.
Lin. ft. of pipe laying completed = 400 ft.

Cost per ft., all labor =	$0.961
Tools @ $10.00 per day	0.025
Total cost per ft.	$0.986

Same for 24-inch Cast-Iron Pipe

Labor costs same except 2 additional men handling pipe:

Total labor costs = 384.40 + 6.40 =	$390.80
Total excavation = 6075 cu. ft.	
Cu. ft. per lineal ft. of pipe = 18.0	
Lin. ft. of pipe laying completed = 337	
Cost per ft. of pipe, all labor	$1.159
Tools @ $10.00 daily =	0.030
Total cost per ft.	$1.189

[fol. 4642]

Table No. 2

Cost of Joint Material for Cast Iron Gas Pipe at Columbus, Ohio

(12′ Lengths)

Diam. of pipe	Lead per Joint			Hemp per Joint			Total Cost	
	Lbs.	Cost	Amount	Lbs.	Cost	Amount	Per joint	Per ft.
6″	10	13.5¢	1.350	.42	8¢	0.034	1.384	0.115
8″	13	"	1.755	.54	"	0.043	1.798	0.150
10″	16	"	2.160	.68	"	0.054	2.214	0.184
12″	19	"	2.565	.82	"	0.066	2.631	0.219
16″	28	"	3.780	1.09	"	0.087	3.867	0.322
20″	35	"	4.725	1.40	"	0.112	4.837	0.403
24″	44	"	5.540	1.68	"	0.134	5.674	0.473

Table No. 3

Total Cost of Trenching and Laying Cast Iron Gas Pipe at Columbus, Ohio—December 31, 1929

Diam. of pipe	Trenching & laying			Joint expense	Total cost per lin. ft.
	Field expense	Ins. & misc. @5%	Total		
6″	0.365	0.018	0.383	0.115	0.498
8″	0.424	0.021	0.445	0.150	0.595
10″	0.488	0.024	0.512	0.184	0.696
12″	0.606	0.030	0.636	0.219	0.855
16″	0.820	0.041	0.861	0.322	1.183
20″	0.986	0.049	1.035	0.403	1.438
24″	1.189	0.059	1.248	0.473	1.721

Cost of Cast Iron Pipe (Eng. News Record)

Birmingham Base per ton:

4″ C. I. pipe—40.00—41.00 per ton.
6″ & larger—37.00—38.00 per ton.
Gas pipe & class "A" pipe—add $3.00 per ton.
Freight rate Birmingham to Columbus, Ohio, @ $6.97 per ton.

[fol. 4643] Cost of Furnishing Cast Iron Gas Pipe at Columbus, Ohio.
(As of December 31, 1929)

Prices paid by the City of Columbus, Water Works Department for Cast Iron Water Pipe Delivered Along Trench

Date	Sizes	Price per ton	Tons purchase
April 4, 1929	6" and larger	$43.00	1300
Sept. 5, 1929	6" and 8"	42.65	1010
	12" to 24"	43.25	
March 13, 1930	4"	47.97	1400
	6" to 24"	44.97	
Oct. 23, 1930	6" and larger	44.80	550

Estimated price for cast iron gas pipe as of December 31, 1929, = $44.00 + $3.00 = $47.00 hauled and distributed along trench.

Add for purchasing, inspection (no yard expense)	1%
" " specials, fittings and valves	5%
Totals additions	6%

Unit price $47.00 + $2.92 = $49.82 per ton = 2.49¢ per pound.

Table No. 4

Cost of Cast Iron Gas Pipe Furnished and Installed at Columbus, Ohio (Dec. 31, 1929)

Diam. in inches	Weight per ft. lbs. (1)	Cost per ft. along trench	Trenching & laying (Table No. 3)	Total cost per foot
6"	30.6	$0.762	$0.498	$1.260
8"	42.4	1.056	0.595	1.651
10"	55.9	1.392	0.696	2.088
12"	73.8	1.838	0.855	2.693
16"	112.5	2.801	1.183	3.984
20"	153.8	3.830	1.438	5.268
24"	206.4	5.139	1.721	6.860

(1) From Handbook "Cast Iron Pipe Research Association" Page 112.

[fol. 4644] Table No. 5

Cost Per Foot of Hauling and Distributing Wrought Iron and Steel Pipe at Columbus, Ohio—December 31, 1929

Size	Weight per ft. T. & C.	Weight per ft. P. E.	Cost per foot haul & distrib. @ $2.00 per ton T. & C.	Cost per foot haul & distrib. @ $2.00 per ton P. E.
1"	1.688	.....	0.0017	.....
1-1/4"	2.300	.....	0.0023	.....
1-1/2"	2.748	.....	0.0027	.....
2"	3.716	.....	0.0037	.....
2-1/2"	5.881	.....	0.0059	.....
3"	7.675	.....	0.0077	.....
4"	10.980	.....	0.0110	.....
6"	19.367	18.974	0.0194	0.0190
8"	29.213	28.554	0.0292	0.0286
10"	35.504	34.240	0.0355	0.0342
12"	45.217	43.773	0.0452	0.0438
16" O. D.	.....	62.58	.....	0.0626
18" O. D.	.....	82.06	.....	0.0821
20" O. D.	.....	91.41	.....	0.0914

[fol. 4645]

Table No. 6

Cost of Hauling, Distributing, Trenching, Laying & Jointing Threaded Steel and Wrought Iron Gas Pipe at Columbus, Ohio

Nom. diam. of pipe	W	D	Area	Cost (1)	Laying & jointing @$8.00 per ton	Haul & distrib. @$2.00 per ton	Total	Misc. @5%	Total cost
1"	1.50	2.67	4.0	0.190	0.007	0.002	0.199	0.010	0.209
1¼"	"	"	"	"	0.009	"	0.201	"	0.211
1½"	"	"	"	"	0.011	0.003	0.204	"	0.214
2"	"	"	"	"	0.015	0.004	0.209	"	0.219
2½"	"	2.75	4.13	0.196	0.024	0.006	0.226	0.011	0.237
3"	"	"	"	"	0.031	0.008	0.235	0.012	0.247
4"	1.67	2.83	4.72	0.224	0.044	0.011	0.279	0.014	0.293
6"	1.83	3.00	5.50	0.261	0.077	0.019	0.357	0.018	0.375
8"	2.0	3.17	6.34	0.301	0.117	0.029	0.447	0.022	0.469
10"	2.17	3.33	7.22	0.343	0.142	0.036	0.521	0.026	0.547
12"	2.33	3.50	8.16	0.388	0.181	0.045	0.614	0.031	0.645

NOTE: (1) Unit Cost of Excavation (See Table No. 1).

1 days work = 225 cu. yds. = 6075 cu. ft.

Cost =	Labor	$274.40
	Truck	16.00
	Tools	8.00
	Total cost	= $298.40

Average cost per cu. ft. = 4.43¢
Superintendence @ 7% ... 0.31

Total cost per cu. ft. ..... 4.74¢

[fol. 4646]

Table No. 7

Cost of Hauling, Distributing, Trencihng, Laying and Jointing Plain End Pipe with Dresser Couplings at Columbus, Ohio

Nom. diam. of pipe	Hauling & distrib.	Trench & backfill	Laying jointing @$6.00 per ton	Total	Misc. @5%	Total cost per lin. ft.
6"	0.019	0.261	0.058	0.338	0.017	0.355
8"	0.029	0.301	0.088	0.418	0.021	0.439
10"	0.034	0.343	0.107	0.484	0.024	0.508
12"	0.044	0.388	0.136	0.568	0.028	0.596

[fol. 4647]

Daily Cost of Machine Gang for Trenching and Backfilling at Columbus, Ohio, Dec. 31, 1929

Cost new of trenching machine	$7,500.00
" " " tamper-backfiller machine	3,000.00
Total cost of machines	$10,500.00
Useful life of machine 5 years	
Annual depreciation @ 20%	2,100.00
Annual interest on investment @ 6%	630.00
Annual maintenance @ 5%	525.00
Total annual charges	$3,255.00

Daily cost of machine:
Total daily fixed & maintenance charges based on 200 working days per year ..... $3255 = 16.28

200

Gasoline and oil per day				10.00
Total daily machine costs				$26.28
Daily labor cost:				
Trench machine operator	1	@	$10.00	10.00
" " helper	1	@	3.20	3.20
Tamper-backfiller operator	1	@	10.00	10.00
Helpers	2	@	3.20	6.40
Labor for obstructions—hauling excess dirt & misc.	4	@	3.20	12.80
Watchman	2	@	3.20	6.40
Water boy	1	@	2.40	2.40
Total daily labor				$51.20
Superintendence:				
Foreman	1	@	4.80	4.80
Superintendent	½	@	6.40	3.20
Total				8.00
Tools				4.00
Truck	1	8 hrs.	2.00	16.00

[fol. 4648]

Summary:	
Daily machine costs	$26.28
" "	51.20
Superintendence	8.00
Truck	16.00
Tools	4.00
Total	$105.48

Table No. 8

Average Daily Performance of Trenching Machines and Cost per Foot for Trenching and Backfilling at Columbus, Ohio, December 31, 1929

Size pipe	Trench W	Trench D	Cu. yds. per ft.	Daily performance lin. ft.	Cost lin. ft.
1"	11"	32"	.09	1100	.096
1¼"	"	"	"	"	"
1½"	"	"	"	"	"
2"	"	"	"	"	"
2½"	"	33"	"	"	"
3"	"	"	"	"	"
4"	"	34"	"	"	"
6"	13"	36"	.12	900	.117
8"	15"	38"	.15	775	.136
10"	17"	40"	.18	645	.164
12"	19"	42"	.21	500	.211
16"	23"	46"	.27	360	.292

[fol. 4649] Table No. 9

Cost of Hauling, Distributing, Machine Trenching and Hand Laying and Jointing Steel and Wrought Iron Pipe at Columbus, Ohio

Size pipe	Trenching & backfilling per lin. ft.	Haul & distrib.	Laying & jointing per lin. ft.	Total	Misc. @5%	Total cost Trenching & lay. per lin. ft.
1"	.096	0.002	0.007	0.105	0.005	0.110
1¼"	"	"	0.009	0.107	"	0.112
1½"	"	0.003	0.011	0.110	0.006	0.116
2"	"	0.004	0.015	0.115	0.006	0.121
2½"	"	0.006	0.024	0.126	"	0.132
3"	"	0.008	0.031	0.135	0.007	0.142
4"	"	0.011	0.044	0.151	0.008	0.159
6"	.117	0.019	0.077	0.213	0.011	0.224
8"	.136	0.029	0.117	0.282	0.014	0.296
10"	.164	0.036	0.142	0.342	0.017	0.359
12"	.211	0.045	0.181	0.437	0.022	0.459
16"	.292	0.063	0.250	0.605	0.030	0.635

[fol. 4650] City Ex. No. 69

[fol. 4651] The Columbus Gas and Fuel Company

Income Statement—Calendar Year 1929

Natural Gas Distributed within the City of Columbus

Adjusted to Cycle from Dec. 17, 1928 to Dec. 16, 1929 Both Inclusive

Natural gas distributed (m.c.f.)		5,671,639
Gross revenue:		
Gas revenue		$2,774,755.97
Miscellaneous, shop & other revenue		4,566.35
Total		2,779,322.32
Gas purchased for resale 5,955,221 m.c.f. @ 31.2¢		1,858,628.95
Gas purchased expense	$1,078.32	
Distribution expense	130,322.91	
Utilization expense	28,865.93	
Commercial expense	108,798.99	
New business expense	23,761.85	
General expense	101,906.07	
Gas used in operation	(1,801.44)	
Miscellaneous, shop & other expense	(6,365.29)	
Depreciation on gen'l garage equipment	(8,838.47)	
Total exclusive of gas purchased		377,728.87
Operating expense including cost of gas purchased		2,235,757.82
Depreciation expense		97,533.50
Taxes:		
Real & personal property tax	87,691.95	
Excise tax	37,520.85	
Public utility commission maintenance tax	1,424.69	
Miscellaneous—(auto licenses)	1,872.57	
Federal income tax	26,552.60	
Total taxes	155,062.66	
Total expense including depreciation and taxes		2,488,353.98
Net income available for return on investment		$290,968.34

[fol. 4652] Effect of Wholesale Price of Gas upon Net Return

		@ 20¢ per M. Cu. Ft.	@ 21¢ per M. Cu. Ft.	@ 22¢ per M. Cu. Ft.
Gross revenue		$2,779,322.32	$2,779,322.32	$2,779,322.32
Gas purchased (5,955,221 m.c.f.).		1,191,044.20	1,250,596.41	1,310,148.62
Operating expense other than gas purchased.	$377,728.87			
Depreciation	97,533.50			
Taxes other than federal income	128,510.06			
Total		603,772.43	603,772.43	603,772.43
Total expense		1,794,816.63	1,854,368.84	1,913,921.05
Corporate income before interest and income tax		984,505.69	924,953.48	865,401.27
Bond and other interest		96,249.26	96,249.26	96,249.26
Income subject to federal income tax		888,256.43	828,704.22	769,152.01
Federal income tax		106,590.77	99,444.51	92,298.24
Net income available for return on investment		877,914.92	825,508.97	773,103.03
Rate of return on sound value, $3,355,510		26.163%	24.602%	23.040%

[fol. 4653]

		@ 23¢ per M. Cu. Ft.	@ 24¢ per M. Cu. Ft.	@ 25¢ per M. Cu. Ft.
Gross revenue		$2,779,322.32	$2,779,322.32	$2,779,322.32
Gas purchased (5,955,221 m.c.f.).		1,369,700.83	1,429,253.04	1,488,805.25
Operating expense other than gas purchased	$377,728.87			
Depreciation	97,533.50			
Taxes other than federal income	128,510.06			
Total		603,772.43	603,772.43	603,772.43
Total expense		1,973,473.26	2,033,025.47	2,092,577.68
Corporate income before interest and income tax		805,849.06	746,296.85	686,744.64
Bond and other interest		96,249.26	96,249.26	96,249.26
Income subject to federal income tax		709,599.80	650,047.59	590,495.38
Federal income tax		85,151.98	78,005.71	70,859.45
Net income available for return on investment		720,697.08	668,291.14	615,885.19
Rate of return on sound value, $3,355,510		21.478%	19.916%	18.354%

[fol. 4654]

		@ 20¢ per M. Cu. Ft.	@ 27¢ per M. Cu. Ft.	@ 28¢ per M. Cu. Ft.
Gross revenue		$2,779,322.32	$2,779,322.32	$2,779,322.32
Gas purchased (5,955,221 m.c.f.).		1,548,357.46	1,607,909.67	1,667,461.88
Operating expense other than gas purchased	$377,728.87			
Depreciation	97,533.50			

		@ 26¢ per M. Cu. Ft.	@ 27¢ per M. Cu. Ft.	@ 28¢ per M. Cu. Ft.
Taxes other than federal income	128,510.06			
Total		$603,772.43	$603,772.43	$603,772.43
Total expense		2,152,129.89	2,211,682.10	2,271,234.31
Corporate income before interest and income tax		627,192.43	567,640.22	508,088.01
Bond and other interest		96,249.26	96,249.26	96,249.26
Income subject to federal income tax		530,943.17	471,390.96	411,838.75
Federal income tax		63,713.18	56,566.92	49,420.65
Net income available for return on investment		563,479.25	511,073.30	458,667.36
Rate of return on sound value, $3,355,510		16.793%	15.231%	13.669%

[fol. 4655]

		@ 29¢ per M. Cu. Ft.	@ 30¢ per M. Cu. Ft.	@ 32¢ per M. Cu. Ft.
Gross revenue		$2,779,322.32	$2,779,322.32	$2,779,322.32
Gas purchased (5,955,221 m.c.f.)		1,727,014.09	1,786,566.30	1,905,670.72
Operating expense other than gas purchased	$377,728.87			
Depreciation	97,533.50			
Taxes other than federal income	128,510.06			
Total		603,772.43	603,772.43	603,772.43
Total expense		2,330,786.52	2,390,338.73	2,509,443.15
Corporate income before interest and income tax		448,535.80	388,983.59	269,879.17
Bond and other interest		96,249.26	96,249.26	96,249.26
Income subject to federal income tax		352,286.54	292,734.33	173,629.91
Federal income tax		42,274.38	35,128.12	20,835.59
Net income available for return on investment		406,261.42	353,855.47	249,043.58
Rate of return on sound value, $3,355,510		12.107%	10.546%	7.422%

[fol. 4656]

		@ 33¢ per M. Cu. Ft.	@ 34¢ per M. Cu. Ft.	@ 35¢ per M. Cu. Ft.
Gross revenue		$2,779,322.32	$2,779,322.32	$2,779,322.32
Gas purchased (5,955,221 m.c.f.)		1,965,222.93	2,024,775.14	2,084,327.35
Operating expense other than gas purchased	$377,728.87			
Depreciation	97,533.50			
Taxes other than federal income	128,510.06			
Total		603,772.43	603,772.43	603,772.43
Total expense		2,568,995.36	2,628,547.57	2,688,099.78

	@ 33¢ per M. Cu. Ft.	@ 34¢ per M. Cu. Ft.	@ 35¢ per M. Cu. Ft.
Corporate income before interest and income tax	$210,326.96	$150,774.75	$91,222.54
Bond and other interest	96,249.26	96,249.26	96,249.26
Income subject to federal income tax	114,077.70	54,525.49	(5,026.72)
Federal income tax	13,689.32	6,543.06	.....
Net income available for return on investment	196,637.64	144,231.69	91,222.54
Rate of return on sound value, $3,355,510	5.860%	4.298%	2.719%

( ) Denotes red figures.

[fol. 4657]

	@ 36¢ per M. Cu. Ft.	@ 37¢ per M. Cu. Ft.	@ 45¢ per M. Cu. Ft.
Gross revenue	$2,779,322.32	$2,779,322.32	$2,779,322.32
Gas purchased (5,955,221 m.c.f.)	2,143,879.56	2,203,431.77	2,679,849.45
Operating expense other than gas purchased $377,728.87			
Depreciation 97,533.50			
Taxes other than federal income 128,510.06			
Total	603,772.43	603,772.43	603,772.43
Total expense	2,747,651.99	2,807,204.20	3,283,621.88
Corporate income before interest and income tax	31,670.33	(27,881.88)	(504,299.56)
Bond and other interest	96,249.26	96,249.26	96,249.26
Income subject to federal income tax	(64,578.93)	(124,131.14)	(600,548.82)
Federal income tax	.....	.....	.....
Net income available for return on investment	31,670.33	(27,881.88)	(504,299.56)
Rate of return on sound value, $3,355,510	.944%	.....	.....

( ) Denotes red figures.

[fol. 4658]

The Columbus Gas and Fuel Company

Valuation as of December 31, 1929

Total Gas Sales

Adjusted to Cycle from Dec. 17, 1928, to Dec. 16, 1929, Both Inclusive

Summary

	M. C. F.		Money	
	Quantity	% of total	Amount	% of total
Inside the City of Columbus	5,671,639.0	87.34234	$2,718,297.45	85.91886
Outside the City of Columbus	821,934.6	12.65766	445,498.41	14.08114
Total revenue (gas only)	6,493,573.6	100.00000	3,163,795.86	100.00000
Minimum and other charges:				
Inside			21,989.96	.....
Outside			27,556.77	
Total			49,546.73	

The Columbus Gas and Fuel Company—Continued

	M. C. F. Quantity	% of total	Money Amount	% of total
Discounts and penalties:				
Inside			34,468.56	
Outside			4,057.80	
Total			38,526.36	
Total revenue:				
Inside the city			2,774,755.97	85.328038
Outside the city			477,112.98	14.671962
Total			$3,251,868.95	100.000000

Gas Sales within the City of Columbus

Adjusted to Cycle from Dec. 17, 1928, to Dec. 16, 1929, Both Inclusive

[fol. 4659] [Summary

Accounting unit number	M. C. F.	Revenue
1	360,030	$172,814.40
2	323,964	155,502.72
3	301,383	144,663.84
4	640,225	307,308.00
5	339,640	163,027.20
6	387,943	186,231.09
7	305,853	146,809.44
8	302,375	145,140.00
9	175,674	84,323.52
10	22	12.32
11	122,964	59,022.72
12	367,692	176,492.16
13	280,657	134,715.36
14	340,649	163,518.72
15	307,760	147,724.80
16	129,149	61,991.52
17	3,574	1,715.52
18	338,962	162,701.76
19	92,930	44,606.40
20	(6)	(2.88)
21	174,616	83,816.68
Special ledger	375,583	176,162.16
Gas revenue only	5,671,639	2,718,297.45
Minimum charges		21,989.96
Discounts and penalties		34,468.56
Gross revenue	5,671,639	$2,774,755.97

[fol. 4660]

Adjustment of Revenue from Minimum Charges and Discounts and Penalties

Accounting unit number	Revenue: Minimum charges	Revenue: Discount & penalties
As reported on company's records	$22,346.27	$36,389.14
Adjustment of December 1929 reports:		
1	34.68	559.05
2	28.41	658.65
3	53.34	239.55
4	239.88	463.33
Total deduction	356.31	1,920.58
Net adjusted revenue	$21,989.96	$34,468.56

[fol. 4661] Accounting Unit No. 1

Reading date	Company's records: No. days included	M.C.F.	Money	Adj. to cycle ending Dec. 16, 1929: No. days included	M.C.F.	Money
1928 Nov. Dec. 26th	31	36,292	$17,420.16	..	.....	.....
1929 Dec. Jan. 26th	30	41,105	19,730.40	10	13,702	$6,576.96
Jan. Feb. 25th	30	48,152	23,112.96	30	48,152	23,112.96
Feb. Mar. 25th	31	47,367	22,736.16	31	47,367	22,736.16
Mar. Apr. 26th	29	34,847	16,726.56	29	34,847	16,726.56
Apr. May 24th	29	29,755	14,282.40	29	29,755	14,282.40
May June 23rd	29	27,828	13,357.44	29	27,828	13,357.44
June July 25th	33	18,400	8,832.00	33	18,400	8,832.00
July Aug. 26th	31	16,700	8,016.00	31	16,700	8,016.00
Aug. Sept. 26th	31	14,474	6,947.52	31	14,474	6,947.52
Sept. Oct. 25th	30	18,583	8,919.84	30	18,583	8,919.84
Oct. Nov. (A) 24th	29	31,393	15,068.64	29	31,393	15,068.64
Nov. Nov. (B) 22nd	29	27,618	13,256.64	29	27,618	13,256.64
Dec. Dec. 26th	34	44,215	21,223.20	24	31,211	14,981.28
1930 Jan. Jan. 27th	32	46,841	22,483.68	..	.....	.....
Total....		483,570	$232,113.60	365	360,030	$172,814.40

[fol. 4662] Accounting Unit No. 2

1928 Nov. Dec. 27th	29	30,151	$14,472.48	..	.....	.....
1929 Dec. Jan. 27th	30	35,244	16,917.12	11	12,923	$6,203.04
Jan. Feb. 28th	32	42,208	20,259.84	32	42,208	20,259.84
Feb. Mar. 26th	29	40,206	19,298.88	29	40,206	19,298.88
Mar. Apr. 27th	29	31,798	15,263.04	29	31,798	15,263.04
Apr. May 25th	29	28,775	13,812.00	29	28,775	13,812.00
May June 24th	29	24,443	11,732.64	29	24,443	11,732.64
June July 26th	33	16,711	8,021.28	33	16,711	8,021.28
July Aug. 29th	33	14,738	7,074.24	33	14,738	7,074.24
Aug. Sept. 27th	29	12,683	6,087.84	29	12,683	6,087.84
Sept. Oct. 26th	30	18,149	8,711.52	30	18,149	8,711.52
Oct. Nov. (A) 25th	29	28,651	13,752.48	29	28,651	13,752.48

Accounting Unit No. 2—(Continued)

Reading date		Company's reading: No. days included	M.C.F.	Money	Adj. to cycle ending Dec. 16, 1929: No. days included	M.C.F.	Money
Nov. (B)	Nov. 25th	31	26,068	12,512.64	31	26,068	12,512.64
Dec. 1930	Dec. 27th Jan.	32	40,550	19,464.00	21	26,611	12,773.28
Jan.	28th	32	42,163	20,238.24	..	.....	.....
Total....			432,538	$207,618.24	365	323,964	$155,502.72

[fol. 4663] Accounting Unit No. 3

1928 Dec. 1929	Nov. 28th Dec.	29	29,126	$13,980.48	..	.....	.....
Jan.	28th Jan.	30	39,120	18,777.60	12	15,648	$7,511.04
Feb.	29th Feb.	32	43,061	20,669.28	32	43,061	20,669.28
Mar.	27th Mar.	29	42,014	20,166.72	29	42,014	20,166.72
Apr.	28th Apr.	29	29,941	14,371.68	29	29,941	14,371.68
May	26th May	29	24,057	11,547.36	29	24,057	11,547.36
June	27th June	31	20,037	9,617.76	31	20,037	9,617.76
July	27th July	31	11,839	5,682.72	31	11,839	5,682.72
Aug.	30th Aug.	33	9,600	4,608.00	33	9,600	4,608.00
Sept.	28th Sept.	29	8,213	3,942.24	29	8,213	3,942.24
Oct.	27th Oct.	30	13,438	6,450.24	30	13,438	6,450.24
Nov. (A)	28th Nov.	31	32,145	15,429.60	31	32,145	15,429.60
Nov. (B)	26th Dec.	29	23,968	11,504.64	29	23,968	11,504.64
Dec. 1930	30th Jan.	34	46,617	22,376.16	20	27,422	13,162.56
Jan.	29th	30	45,510	21,844.80	..	.....	.....
Total....			418,686	$200,969.28	365	301,383	$144,663.84

[fol. 4664] Accounting Unit No. 4

1928 Dec. 1929	Nov. 30th Dec.	30	62,845	$30,165.60	..	.....	.....
Jan.	31st Jan.	31	81,287	39,017.76	15	39,332	$18,879.36
Feb.	30th Feb.	30	85,158	40,875.84	30	85,158	40,875.84
Mar.	28th Mar.	29	84,937	40,769.76	29	84,937	40,769.76
Apr.	29th Apr.	29	66,534	31,936.32	29	66,534	31,936.32
May	29th	31	47,937	23,009.76	31	47,937	23,009.76

June	May 28th	29	42,987	20,633.76	29	42,987	20,633.76
July	June 28th	31	30,736	14,753.28	31	30,736	14,753.28
Aug.	July 31st	33	25,052	12,024.96	33	25,052	12,024.96
Sept.	Aug. 29th	29	23,721	11,386.08	29	23,721	11,386.08
Oct.	Sept. 30th	32	33,920	16,281.60	32	33,920	16,281.60
Nov. (A)	Oct. 29th	29	64,335	30,880.80	29	64,335	30,880.80
Nov. (B)	Nov. 27th	29	47,504	22,801.92	29	47,504	22,801.92
Dec.	Dec. 31st	34	86,024	41,291.52	19	48,072	23,074.56
1930 Jan.	Jan. 30th	30	86,784	41,656.32	...	.....	.....
Total	....		869,761	$417,485.28	365	640,225	$307,308.00

[fol. 4665]

Accounting Unit No. 5

1928 Dec.							
Dec.	3rd	32	35,373	$16,979.04	....	.....	.....
1929 Jan.							
Jan.	2nd	30	40,866	19,615.68	17	23,157	$11,115.36
Feb.	Jan. 31st	29	47,328	22,717.44	29	47,328	22,717.44
Mar.	Mar. 1st	29	49,446	23,734.08	29	49,446	23,734.08
Apr.	Apr. 1st	31	32,875	15,780.00	31	32,875	15,780.00
May	Apr. 30th	29	25,188	12,090.24	29	25,188	12,090.24
June	May 29th	29	23,107	11,091.36	29	23,107	11,091.36
July	July 1st	33	14,166	6,799.68	33	14,166	6,799.68
Aug.	Aug. 1st	31	12,349	5,927.52	31	12,349	5,927.52
Sept.	Aug. 30th	29	13,123	6,299.04	29	13,123	6,299.04
Oct.	Oct. 1st	32	15,758	7,563.84	32	15,758	7,563.84
Nov.	Oct. 30th	29	24,045	11,541.60	29	24,045	11,541.60
Dec.	Dec. 2nd	33	39,354	18,889.92	33	39,354	18,889.92
1930 Jan.	Jan. 2nd	31	43,718	20,984.64	14	19,744	9,477.12
Total	..		416,696	$200,014.08	365	339,640	$163,027.20

[fol. 4666]

Accounting Unit No. 6

1928 Dec.							
Dec.	4th	32	39,267	$18,848.16	..	.....	.....
1929 Jan.							
Jan.	3rd	30	44,451	21,336.48	18	28,152	$13,512.96
Feb.	Feb. 1st	29	53,908	25,875.84	29	53,908	25,875.84
Mar.	Mar. 4th	31	47,156	22,634.88	31	47,156	22,634.88

Accounting Unit No. 6—(Continued)

Reading date		Company's records: No. days included	M.C.F.	Money	Adj. to cycle ending Dec. 16, 1929: No. days included	M.C.F.	Money
Apr.	2nd	29	36,624	17,579.52	29	36,624	17,579.52
May	1st	29	31,050	14,904.00	29	31,050	14,904.00
June	3rd	33	29,298	14,063.04	33	29,298	14,063.04
July	2nd	29	16,851	8,088.48	29	16,851	8,088.48
Aug.	2nd	31	15,290	7,339.20	31	15,290	7,339.20
Sept.	3rd	32	14,672	7,042.56	32	14,672	7,042.56
Oct.	2nd	29	21,060	10,108.80	29	21,060	10,108.80
Nov.	31st	29	32,001	15,360.48	29	32,001	15,360.48
Dec.	3rd	33	42,899	20,590.77	33	42,899	20,590.77
Jan.	3rd	31	45,359	21,772.32	13	19,022	9,130.56
Total....		..	469,886	$225,544.53	365	387,943	$186,231.09

[fol. 4667]

Accounting Unit No. 7

Dec.	5th	30	28,699	$13,775.52	..	.....	.....
Jan.	4th	30	37,778	18,133.44	19	23,926	$11,484.48
Feb.	4th	31	39,672	19,042.56	31	39,672	19,042.56
Mar.	5th	29	36,590	17,563.20	29	36,590	17,563.20
Apr.	3rd	29	28,286	13,577.28	29	28,286	13,577.28
May	2nd	29	25,260	12,124.80	29	25,260	12,124.80
June	4th	33	22,827	10,956.96	33	22,827	10,956.96
July	3rd	29	14,327	6,876.96	29	14,327	6,876.96
Aug.	5th	33	13,051	6,264.48	33	13,051	6,264.48
Sept.	4th	30	12,672	6,082.56	30	12,672	6,082.56
Oct.	3rd	29	18,663	8,958.24	29	18,663	8,958.24
Nov.	1st	29	23,349	11,207.52	29	23,349	11,207.52
Dec.	4th	33	33,348	16,007.04	33	33,348	16,007.04
Jan.	6th	33	38,176	18,324.48	12	13,882	6,663.36
Total....		..	372,698	$178,895.04	365	305,853	$146,809.44

[fol. 4668] Accounting Unit No. 8

Reading date	Company's records: No. days included	M.C.F.	Money	Adj. to cycle ending Dec. 16, 1929: No. days included	M.C.F.	Money
1928 Dec. 6th	30	27,485	$13,192.80	..	.....	.....
1929 Jan. 7th	32	33,320	15,993.60	22	22,908	$10,995.84
Feb. 5th	29	34,517	16,568.16	29	34,517	16,568.16
Mar. 6th	29	32,419	15,561.12	29	32,419	15,561.12
Apr. 4th	29	27,655	13,274.40	29	27,655	13,274.40
May 3rd	29	27,138	13,026.24	29	27,138	13,026.24
June 5th	33	23,564	11,310.72	33	23,564	11,310.72
July 8th	33	15,896	7,630.08	33	15,896	7,630.08
Aug. 6th	29	12,871	6,178.08	29	12,871	6,178.08
Sept. 5th	30	13,335	6,400.80	30	13,335	6,400.80
Oct. 4th	29	21,282	10,215.36	29	21,282	10,215.36
Nov. 4th	31	25,704	12,337.92	31	25,704	12,337.92
Dec. 5th	31	33,044	15,861.12	31	33,044	15,861.12
1930 Jan. 7th	33	36,127	17,340.96	11	12,042	5,780.16
Total	..	364,357	$174,891.36	365	302,375	$145,140.00

[fol. 4669] Accounting Unit No. 9

1928 Dec. 7th	30	15,938	$7,650.24	..	.....	.....
1929 Jan. 8th	32	19,918	9,560.64	23	14,316	$6,871.68
Feb. 6th	29	20,609	9,892.32	29	20,609	9,892.32
Mar. 7th	29	19,720	9,465.60	29	19,720	9,465.60
Apr. 5th	29	15,801	7,584.48	29	15,801	7,584.48
May 6th	31	15,431	7,406.88	31	15,431	7,406.88
June 6th	31	12,851	6,168.48	31	12,851	6,168.48
July 9th	33	9,591	4,603.68	33	9,591	4,603.68
Aug. 7th	29	7,322	3,514.56	29	7,322	3,514.56
Sept. 6th	30	8,164	3,918.72	30	8,164	3,918.72
Oct. 7th	31	12,187	5,849.76	31	12,187	5,849.76
Nov. 5th	29	13,843	6,644.64	29	13,843	6,644.64
Dec. 6th	31	19,931	9,566.88	31	19,931	9,566.88

Accounting Unit No. 9—(Continued)

Reading date	Company's records: No. days included	M.C.F.	Money	Adj. to cycle ending Dec. 16, 1929: No. days included	M.C.F.	Money
1930 Jan. Jan. 8th	33	19,497	9,358.56	10	5,908	2,835.84
Total	..	210,803	$101,185.44	365	175,674	$84,323.52

[fol. 4670]

Accounting Unit No. 10

1928 Dec. Dec. 10th	32	(5)	$(2.40)	..	.....	.....
1929 Jan. Jan. 9th	30	(7)	(3.36)	24	(6)	$(2.88)
Feb. Feb. 7th	29	28	15.20	29	28	15.20
Mar. Mar. 8th	29	.....	.....	29	.....	.....
Apr. Apr. 8th	31	.....	.....	31	.....	.....
May May 7th	29	.....	.....	29	.....	.....
June June 7th	31	.....	.....	31	.....	.....
July July 10th	33	.....	.....	33	.....	.....
Aug. Aug. 8th	29	.....	.....	29	.....	.....
Sept. Sept. 9th	32	.....	.....	32	.....	.....
Oct. Oct. 8th	29	.....	.....	29	.....	.....
Nov. Nov. 6th	29	.....	.....	29	.....	.....
Dec. Dec. 9th	33	.....	.....	33	.....	.....
1930 Jan. Jan. 9th	31	.....	.....	7	.....	.....
Total	..	16	$9.44	365	22	$12.32

[fol. 4671]

Accounting Unit No. 11

1928 Dec. Dec. 11th	32	12,081	$5,798.88	..	.....	.....
1929 Jan. Jan. 10th	30	13,889	6,666.72	25	11,574	$5,555.52
Feb. Feb. 8th	29	16,135	7,744.80	29	16,135	7,744.80
Mar. Mar. 11th	31	14,066	6,751.68	31	14,066	6,751.68
Apr. Apr. 9th	29	9,728	4,669.44	29	9,728	4,669.44
May May 8th	29	9,600	4,608.00	29	9,600	4,608.00
June June 10th	33	8,321	3,994.08	33	8,321	3,994.08
July July 11th	31	5,500	2,640.00	31	5,500	2,640.00
Aug. Aug. 9th	29	5,079	2,437.92	29	5,079	2,437.92

Sept.	Sept. 10th	32	5,414	2,598.72	32	5,414	2,598.72
Oct.	Oct. 9th	29	7,760	$3,724.80	29	7,760	$3,724.80
Nov.	Nov. 7th	29	11,412	5,477.76	29	11,412	5,477.76
Dec.	Dec. 10th	33	15,342	7,364.16	33	15,342	7,364.16
1930 Jan.							
Jan.	10th	31	15,671	7,522.08	.6	3,033	1,455.84
Total....		..	149,998	$71,999.04	365	122,964	$59,022.72

[fol. 4672]

Accounting Unit No. 12

1928 Dec.							
Dec.	12th	30	39,479	$18,949.92	..	.....	.....
1929 Jan.							
Jan.	11th	30	51,186	24,569.28	26	44,361	$21,293.28
Feb.	Feb. 11th	31	48,854	23,449.92	31	48,854	23,449.92
Mar.	Mar. 12th	29	45,192	21,692.16	29	45,192	21,692.16
Apr.	Apr. 10th	29	29,496	14,158.08	29	29,496	14,158.08
May	May 9th	29	29,786	14,297.28	29	29,786	14,297.28
June	June 11th	33	23,125	11,100.00	33	23,125	11,100.00
July	July 12th	31	14,159	6,796.32	31	14,159	6,796.32
Aug.	Aug. 12th	31	13,405	6,434.40	31	13,405	6,434.40
Sept.	Sept. 11th	30	14,053	6,745.44	30	14,053	6,745.44
Oct.	Oct. 10th	29	24,671	11,842.08	29	24,671	11,842.08
Nov.	Nov. 8th	29	29,819	14,313.12	29	29,819	14,313.12
Dec.	Dec. 11th	33	43,688	20,970.24	33	43,688	20,970.24
1930 Jan.							
Jan.	13th	33	46,747	22,438.56	5	7,083	3,399.84
Total....		..	453,660	$217,756.80	365	367,692	$176,492.16

[fol. 4673]

Accounting Unit No. 13

1928 Dec.							
Dec.	13th	30	29,584	$14,200.32	..	.....	.....
1929 Jan.							
Jan.	14th	32	37,020	17,769.60	29	33,549	$16,103.52
Feb.	Feb. 12th	29	36,161	17,357.28	29	36,161	17,357.28
Mar.	Mar. 13th	29	32,555	15,626.40	29	32,555	15,626.40
Apr.	Apr. 11th	29	24,964	11,982.72	29	24,964	11,982.72
May	May 10th	29	23,891	11,467.68	29	23,891	11,467.68
June	June 12th	33	18,256	8,762.88	33	18,256	8,762.88
July	July 15th	33	11,340	$5,443.20	33	11,340	$5,443.20

Unit No. 13—Accounting (Continued)

Reading date	Company's records: No. days included	M.C.F.	Money	Adj. to cycle ending Dec. 16, 1929: No. days included	M.C.F.	Money
Aug. 13th	29	9,484	4,552.32	29	9,484	4,552.32
Sept. 12th	30	10,407	4,995.36	30	10,407	4,995.36
Oct. 11th	29	19,607	9,411.36	29	19,607	9,411.36
Nov. 11th	31	23,245	11,157.60	31	23,245	11,157.60
Dec. 12th	31	33,058	15,867.84	31	33,058	15,867.84
1930 Jan. 14th	33	34,153	16,393.44	4	4,140	1,987.20
Total	343,725	$164,988.00		365	280,657	$134,715.36

[fol. 4674]

Accounting Unit No. 14

1928 Dec. 14th	30	35,252	$16,920.96	..	.....	.....
1929 Jan. 15th	32	46,942	22,532.16	30	44,008	$21,123.84
Feb. 13th	29	44,686	21,449.28	29	44,686	21,449.28
Mar. 14th	29	40,202	19,296.96	29	40,202	19,296.96
Apr. 12th	29	30,581	14,678.88	29	30,581	14,678.88
May 13th	31	25,056	12,026.88	31	25,056	12,026.88
June 13th	31	20,619	9,904.32	31	20,619	9,904.32
July 16th	33	14,451	6,936.48	33	14,451	6,936.48
Aug. 14th	29	12,173	5,843.04	29	12,173	5,843.04
Sept. 13th	30	14,705	7,058.40	30	14,705	7,058.40
Oct. 14th	31	21,893	10,508.64	31	21,893	10,508.64
Nov. 12th	29	26,822	12,874.56	29	26,822	12,874.56
Dec. 13th	31	41,818	20,072.64	31	41,818	20,072.64
1930 Jan. 15th	33	39,987	19,193.76	3	3,635	1,744.80
Total	415,187	$199,296.96		365	340,649	$163,518.72

[fol. 4675]

Accounting Unit No. 15

1928 Dec. 17th	32	29,251	$14,040.48	1	914	$438.72
1929 Jan. 16th	30	32,935	15,808.80	30	32,935	15,808.80
Feb. 14th	29	31,654	$15,193.92	29	31,654	$15,193.92
Mar. 15th	29	31,831	15,278.88	29	31,831	15,278.88

	Apr.						
Apr.	15th	31	27,230	13,070.40	31	27,230	13,070.40
	May						
May	14th	29	26,330	12,638.40	29	26,330	12,638.40
	June						
June	14th	31	24,567	11,792.16	31	24,567	11,792.16
	July						
July	17th	33	16,005	7,682.40	33	16,005	7,682.40
	Aug.						
Aug.	15th	29	14,749	7,079.52	29	14,749	7,079.52
	Sept.						
Sept.	16th	32	18,123	8,699.04	32	18,123	8,699.04
	Oct.						
Oct.	15th	29	24,977	11,988.96	29	24,977	11,988.96
	Nov.						
Nov.	13th	29	25,739	12,354.72	29	25,739	12,354.72
	Dec.						
Dec.	16th	33	32,706	15,698.88	33	32,706	15,698.88
1930	Jan.						
Jan.	16th	31	31,904	15,313.92	..	.....	.....
Total....		..	368,001	$176,640.48	365	307,760	$147,724.80

[fol. 4676]

Accounting Unit No. 16

1928	Dec.						
Dec.	18th	32	14,226	$6,828.48	2	889	$426.72
1929	Jan.						
Jan.	17th	30	16,816	8,071.68	30	16,816	8,071.68
	Feb.						
Feb.	15th	29	17,153	8,233.44	29	17,153	8,233.44
	Mar.						
Mar.	18th	31	14,693	7,052.64	31	14,693	7,052.64
	Apr.						
Apr.	16th	29	10,825	5,196.00	29	10,825	5,196.00
	May						
May	15th	29	10,804	5,185.92	29	10,804	5,185.92
	June						
June	17th	33	6,834	3,280.32	33	6,834	3,280.32
	July						
July	18th	31	6,194	2,973.12	31	6,194	2,973.12
	Aug.						
Aug.	16th	29	4,985	2,392.80	29	4,985	2,392.80
	Sept.						
Sept.	17th	32	5,401	2,592.48	32	5,401	2,592.48
	Oct.						
Oct.	16th	29	8,938	4,290.24	29	8,938	4,290.24
	Nov.						
Nov.	14th	29	11,254	5,401.92	29	11,254	5,401.92
	Dec.						
Dec.	17th	33	14,812	7,109.76	32	14,363	6,894.24
1930	Jan.						
Jan.	17th	31	15,150	7,272.00	..	.....	.....
Total....		..	158,085	$75,880.80	365	129,149	$61,991.52

[fol. 4677]

Accounting Unit No. 17

1928	Dec.						
Dec.	19th	30	268	$128.64	3	27	$12.96
1929	Jan.						
Jan.	18th	30	328	157.44	30	328	157.44
	Feb.						
Feb.	16th	29	325	156.00	29	325	156.00

Accounting Unit No. 17—(Continued)

Reading date	Company's records: No. days included	M.C.F.	Money	Adj. to cycle ending Dec. 16, 1929: No. days included	M.C.F.	Money
Mar. 19th	31	313	150.24	31	313	150.24
Apr. 17th	29	325	156.00	29	325	156.00
May 16th	29	310	148.80	29	310	148.80
June 18th	33	292	140.16	33	292	140.16
July 19th	31	196	94.08	31	196	94.08
Aug. 19th	31	177	84.96	31	177	84.96
Sept. 18th	30	212	101.76	30	212	101.76
Oct. 17th	29	343	164.64	29	343	164.64
Nov. 15th	29	358	171.84	29	358	171.84
Dec. 18th	33	392	188.16	31	368	176.64
1930 Jan. 20th	33	446	214.08	..	.....	.....
Total....	..	4,285	$2,056.80	365	3,574	$1,715.52

[fol. 4678]

Accounting Unit No. 18

1928 Dec. 20th	30	32,364	$15,534.72	4	4,315	$2,071.20
1929 Jan. 21st	32	40,499	19,439.52	32	40,499	19,439.52
Feb. 18th	28	37,978	18,229.44	28	37,978	18,229.44
Mar. 20th	30	33,630	16,142.40	30	33,630	16,142.40
Apr. 18th	29	31,494	15,117.12	29	31,494	15,117.12
May 17th	29	25,141	12,067.68	29	25,141	12,067.68
June 19th	33	23,983	11,511.84	33	23,983	11,511.84
July 22nd	33	15,346	3,366.08	33	15,346	7,366.08
Aug. 20th	29	13,808	6,627.84	29	13,808	6,627.84
Sept. 19th	30	17,478	8,389.44	30	17,478	8,389.44
Oct. 18th	29	27,745	13,317.60	29	27,745	13,317.60
Nov. 18th	31	30,316	14,551.68	31	30,316	14,551.68
Dec. 19th	31	41,218	19,784.64	28	37,229	17,869.92
1930 Jan. 21st	33	44,507	21,363.36	..	.....	.....
Total....	..	415,507	$199,443.36	365	338,962	$162,701.76

[fol. 4679] Accounting Unit No. 19

Reading date		Company's records: No. days included	M.C.F.	Money	Adj. to cycle ending Dec. 16, 1929: No. days included	M.C.F.	Money
1928	Dec.						
Dec.	21st	30	10,284	$4,936.32	5	1,714	$822.72
1929	Jan.						
Jan.	22nd	32	12,892	6,188.16	32	12,892	6,188.16
	Feb.						
Feb.	19th	28	12,325	5,916.00	28	12,325	5,916.00
	Mar.						
Mar.	21st	30	10,321	4,954.08	30	10,321	4,954.08
	Apr.						
Apr.	19th	29	8,105	3,890.40	29	8,105	3,890.40
	May						
May	20th	31	5,954	2,857.92	31	5,954	2,857.92
	June						
June	20th	31	5,703	2,737.44	31	5,703	2,737.44
	July						
July	23rd	33	4,040	1,939.20	33	4,040	1,939.20
	Aug.						
Aug.	21st	29	3,509	1,684.32	29	3,509	1,684.32
	Sept.						
Sept.	20th	30	4,559	2,188.32	30	4,559	2,188.32
	Oct.						
Oct.	21st	31	6,153	2,953.44	31	6,153	2,953.44
	Nov.						
Nov.	19th	29	7,799	3,743.52	29	7,799	3,743.52
	Dec.						
Dec.	20th	31	11,816	5,431.68	27	9,856	4,730.88
1930	Jan.						
Jan.	22nd	33	11,921	5,722.08	..	.....	.....
Total	....	..	114,881	$55,143.88	365	92,930	$44,606.40

[fol. 4680] Accounting Unit No. 20

1928	Dec.						
Dec.	24th	32	(22)	$(10.56)	8	(6)	$(2.88)
Total	....	..	(22)	$(10.56)	..	(6)	$(2.88)

[fol. 4681] Accounting Unit No. 21

1928	Dec.						
Dec.	25th	32	21,962	$10,541.76	9	6,376	$3,060.48
1929	Jan.						
Jan.	24th	30	22,114	10,614.72	30	22,114	10,614.72
	Feb.						
Feb.	21st	28	24,902	11,952.96	28	24,902	11,952.96
	Mar.						
Mar.	25th	32	16,756	8,042.88	32	16,756	8,042.88
	Apr.						
Apr.	23rd	29	14,893	7,148.64	29	14,893	7,148.64
	May						
May	22nd	29	12,024	5,771.52	29	12,024	5,771.52
	June						
June	24th	33	10,138	4,866.24	33	10,138	4,866.24
	July						
July	25th	31	7,132	3,424.36	31	7,132	3,424.36
	Aug.						
Aug.	23rd	29	6,873	3,299.04	29	6,873	3,299.04

Accounting Unit No. 21—(Continued)

Reading date	Company's records: No. days included	Company's records: M.C.F.	Company's records: Money	Adj. to cycle ending Dec. 16, 1929: No. days included	Adj. to cycle ending Dec. 16, 1929: M.C.F.	Adj. to cycle ending Dec. 16, 1929: Money
Sept. 24th	32	8,499	4,079.52	32	8,499	4,079.52
Oct. 23rd	29	12,706	6,098.88	29	12,706	6,098.88
Nov. 21st	29	15,152	7,272.96	29	15,152	7,272.96
Dec. 24th	33	22,507	10,803.36	25	17,051	8,184.48
1930 Jan. 24th	31	22,590	10,843.20	..	.....	.....
Total....	..	218,248	$104,760.04	365	174,616	$83,816.68

[fol. 4682]

Special Ledger Including Accounting Unit No. 22

1928 Dec. 17th	32	32,981	$15,389.88	1	1,031	$481.09
1929 Jan. 16th	30	36,912	17,287.11	30	36,942	17,287.11
Feb. 14th	29	37,257	17,484.10	29	37,257	17,484.10
Mar. 15th	29	35,207	16,525.27	29	35,207	16,525.27
Apr. 15th	31	34,823	16,265.97	31	34,823	16,265.97
May 14th	29	27,712	13,001.36	29	27,712	13,001.36
June 14th	31	29,511	13,787.39	31	29,511	13,787.39
July 17th	33	27,256	12,714.32	33	27,256	12,714.32
Aug. 15th	29	26,358	12,324.24	29	26,358	12,324.24
Sept. 16th	32	25,801	12,067.26	32	25,801	12,067.26
Oct. 15th	29	28,442	13,347.81	29	28,442	13,347.81
Nov. 13th	29	34,458	16,274.16	29	34,458	16,274.16
Dec. 16th	33	30,815	14,602.08	33	30,815	14,602.08
1930 Jan. 16th	31	29,676	14,063.13	..	.....	.....
Total....	..	437,209	$205,134.08	365	375,583	$176,162.16

[fol. 4683]

The Columbus Gas and Fuel Company Valuation as of December 31, 1929
Gas Sales Outside the City of Columbus Adjusted to Cycle from Dec. 17, 1928 to Dec. 16, 1929 Both Inclusive

Summary

Accounting unit number	M. C. F.	Revenue
3	336,477.5	$185,066.45
4	(.5)	(.22)
8	134.4	60.48
10	567.4	330.22
11	322,138.8	177,644.50
14	1,349.3	642.37
15	13,389.2	6,251.99
18	60,996.2	31,015.21
19	4,981.2	2,253.98
21	19,926.1	11,955.65
Special ledger	61,975.0	30,277.78
Gas revenue only	821,934.6	445,498.41
Minimum and other charges	.....	27,556.77
Discounts and penalties	.....	4,057.80
Gross gas revenue	.....	$477,112.98

[fol. 4684]

Adjustment of Revenue from Minimum & Other Charges and Discounts & Penalties

Accounting unit number	Revenue: Minimum and other charges	Revenue: Discount & penalties
As reported on company's records	$28,509.83	$4,259.82
Adjustment of December 1929 reports:		
3	953.06	202.02
Net adjusted revenue	$27,556.77	$4,057.80

[fol. 4685]

Accounting Unit No. 3

Reading date		Company's records: No. days included	Company's records: M.C.F.	Company's records: Money	Adj. to cycle ending Dec. 16, 1929: No. days included	Adj. to cycle ending Dec. 16, 1929: M.C.F.	Adj. to cycle ending Dec. 16, 1929: Money
1928 Nov. Dec.	28th	29	33,119.9	$18,215.94	..	.....	.....
1929 Dec. Jan.	28th	30	43,853.2	24,124.76	12	17,541.3	$9,649.90
Jan. Feb.	29th	32	48,774.0	26,825.70	32	48,774.0	26,825.70
Feb. Mar.	27th	29	45,402.4	24,971.32	29	45,402.4	24,971.32
Mar. Apr.	28th	29	35,541.8	19,547.98	29	35,541.8	19,547.98
Apr. May	26th	29	26,326.2	14,479.41	29	26,326.2	14,479.41
May June	27th	31	21,344.8	11,739.63	31	21,344.8	11,739.63
June July	27th	31	12,994.6	7,147.03	31	12,994.6	7,147.03
July Aug.	30th	33	10,503.6	5,776.98	33	10,503.6	5,776.98
Aug. Sept.	28th	29	9,003.3	4,951.81	29	9,003.3	4,951.81

Accounting Unit No. 3—(Continued)

Reading date	No. days included	Company's records M.C.F.	Company's records Money	Adj. to cycle ending Dec. 16, 1929 No. days included	Adj. to cycle ending Dec. 16, 1929 M.C.F.	Adj. to cycle ending Dec. 16, 1929 Money
Sept. Oct. 27th	30	15,841.7	8,712.93	30	15,841.7	8,712.93
Oct. Nov. 28th	31	26,945.3	14,819.91	31	26,945.3	14,819.91
Nov. Nov. 26th	29	36,482.0	20,065.10	29	36,482.0	20,065.10
Dec. Dec. 30th	34	50,620.1	27,843.87	20	29,776.5	16,378.75
1930 Jan. 29th	30	49,962.4	27,486.89	..	.....	.....
Total	..	466,715.3	$256,709.26	365	336,477.5	$185,066.45

[fol. 4686]

Accounting Unit No. 4

1928 Nov. 30th	30	1	$.45	..	.....	.....
1929 Dec. 31st	31	(1)	(.45)	15	(.5)	$(.22)
Jan. Jan. 30th	30	.....	.....	30	.....	.....
Feb. Feb. 28th	29	.....	.....	29	.....	.....
Mar. Mar. 29th	29	.....	.....	29	.....	.....
Apr. Apr. 29th	29	.....	.....	29	.....	.....
May May 29th	31	.....	.....	31	.....	.....
June June 28th	29	.....	.....	29	.....	.....
July July 28th	31	.....	.....	31	.....	.....
Aug. Aug. 31st	33	.....	.....	33	.....	.....
Sept. Sept. 29th	29	.....	.....	29	.....	.....
Oct. Oct. 30th	32	.....	.....	32	.....	.....
Nov. Nov. 29th	29	.....	.....	29	.....	.....
(A) Dec. 27th	29	.....	.....	29	.....	.....
Dec. 1930 Jan. 31st	34	.....	.....	19	.....	.....
Jan. 30th	30	.....	.....	..	.....	.....
Total	..	.....	.....	365	(.5)	$(.22)

[fol. 4687]

Accounting Unit No. 8

1928 Dec. 6th	30	4	$1.80	..	.....	.....
1929 Jan. 7th	32	3	1.35	22	2.1	$.93
Feb. Feb. 5th	29	4	1.80	29	4.0	1.80
Mar. Mar. 6th	29	5	2.25	29	5.0	2.25
Apr. Apr. 4th	29	3	1.35	29	3.0	1.35

May	May 3rd	29	4	1.80	29	4.0	1.80
June	June 5th	33	11	4.95	33	11.0	4.95
July	July 8th	33	14	6.30	33	14.0	6.30
Aug.	Aug. 6th	29	12	5.40	29	12.0	5.40
Sept.	Sept. 5th	30	10	4.50	30	10.0	4.50
Oct.	Oct. 4th	29	17	7.65	29	17.0	7.65
Nov.	Nov. 4th	31	20	9.00	31	20.0	9.00
Dec.	Dec. 5th	31	25	11.25	31	25.0	11.25
1930 Jan.	1930 Jan. 7th	33	22	9.90	11	7.3	3.30
Total....			154	$69.30	365	134.4	$60.48

[fol. 4688]

Accounting Unit No. 10

1928 Dec.	Dec. 10th	32	.....	$(7.60)	..	.....	.....
1929 Jan.	Jan. 9th	30	13.0	6.15	24	10.4	$4.92
	Feb. 7th	29	.....	.....	29	.....	.....
Mar.	Mar. 8th	29	27.0	14.55	29	27.0	14.55
Apr.	Apr. 8th	31	9.0	4.05	31	9.0	4.05
May	May 7th	29	4.0	1.80	29	4.0	1.80
June	June 7th	31	.....	.....	31	.....	.....
July	July 10th	33	4.0	1.80	33	4.0	1.80
Aug.	Aug. 8th	29	.....	.....	29	.....	.....
Sept.	Sept. 9th	32	.....	.....	32	.....	.....
Oct.	Oct. 8th	29	2.0	.90	29	2.0	.90
Nov.	Nov. 6th	29	167.8	99.78	29	167.8	99.78
Dec.	Dec. 9th	33	282.9	166.64	33	282.9	166.64
1930 Jan.	1930 Jan. 9th	31	267.2	158.47	7	60.3	35.78
Total....			776.9	$446.54	365	567.4	$330.22

[fol. 4689]

Accounting Unit No. 11

1928 Dec.	Dec. 11th	32	35,670.0	$19,711.10	..	.....	.....
1929 Jan.	Jan. 10th	30	38,020.6	21,021.50	25	31,683.8	$17,517.92
Feb.	Feb. 8th	29	44,224.0	24,485.22	29	44,224.0	24,485.22
Mar.	Mar. 11th	31	38,210.8	21,134.88	31	38,210.8	21,134.88

Accounting Unit No. 11—(Continued)

Reading date	Company's records: No. days included	Company's records: M.C.F.	Company's records: Money	Adj. to cycle ending Dec. 16, 1929: No. days included	Adj. to cycle ending Dec. 16, 1929: M.C.F.	Adj. to cycle ending Dec. 16, 1929: Money
Apr. 9th	29	26,002.8	14,314.37	29	26,002.8	14,314.37
May 8th	29	27,333.8	15,080.81	29	27,333.8	15,080.81
June 10th	33	21,691.6	11,933.19	33	21,691.6	11,933.19
July 11th	31	12,153.0	6,647.29	31	12,153.0	6,647.29
Aug. 9th	29	11,206.0	6,131.31	29	11,206.0	6,131.31
Sept. 10th	32	11,840.4	6,475.03	32	11,840.4	6,475.03
Oct. 9th	29	19,682.2	10,794.09	29	19,682.2	10,794.09
Nov. 7th	29	29,341.0	16,165.95	29	29,341.0	16,165.95
Dec. 10th	33	40,839.4	22,578.58	33	40,839.4	22,578.58
1930 Jan. 10th	31	40,971.6	22,660.29	6	7,930.0	4,385.86
Total....	..	397,187.2	$219,133.61	365	322,138.8	$177,644.50

[fol. 4690]

Accounting Unit No. 14

1928 Dec. 14th	30	63	$29.05				
1929 Jan. 15th	32	75	34.85	30	70.3	$32.67
Feb. 13th	29	107	48.95	29	107.0	48.95
Mar. 14th	29	134	68.10	29	134.0	68.10
Apr. 12th	29	117	54.45	29	117.0	54.45
May 13th	31	87	39.15	31	87.0	39.15
June 13th	31	81	36.45	31	81.0	36.45
July 16th	33	72	32.40	33	72.0	32.40
Aug. 14th	29	73	32.85	29	73.0	32.85
Sept. 13th	30	161	84.75	30	161.0	84.75
Oct. 14th	31	143	67.95	31	143.0	67.95
Nov. 12th	29	138	66.00	29	138.0	66.00
Dec. 13th	31	153	72.55	31	153.0	72.55
1930 Jan. 15th	33	143	67.15	3	13.0	6.10
Total....	..	1,547	$734.65	365	1,349.3	$642.37

[fol. 4691] Accounting Unit No. 15

1928 Dec. Dec.	17th	32	1,415	$673.15	1	44.2	$21.04
1929 Jan. Jan.	16th	30	1,640	796.50	30	1,640.0	796.50
Feb. Feb.	14th	29	1,608	777.20	29	1,608.0	777.20
Mar. Mar.	15th	29	1,523	725.55	29	1,523.0	725.55
Apr. Apr.	15th	31	1,123	515.75	31	1,123.0	515.75
May May	14th	29	1,102	502.00	29	1,102.0	502.00
June June	14th	31	877	395.65	31	877.0	395.65
July July	17th	33	515	231.75	33	515.0	231.75
Aug. Aug.	15th	29	515	231.75	29	515.0	231.75
Sept. Sept.	16th	32	660	297.00	32	660.0	297.00
Oct. Oct.	15th	29	1,057	478.45	29	1,057.0	478.45
Nov. Nov.	13th	29	1,149	528.85	29	1,149.0	528.85
Dec. Dec.	16th	33	1,576	750.50	33	1,576.0	750.50
1930 Jan. Jan.	16th	31	1,534	723.60	..	.....	.....
Total.....		..	16,294	$7,627.70	365	13,389.2	$6,251.99

[fol. 4692] Accounting Unit No. 18

1928 Dec. Dec.	20th	30	4,921	$2,561.75	4	656.1	$341.57
1929 Jan. Jan.	21st	32	6,010	3,165.25	32	6,010.0	3,165.25
Feb. Feb.	18th	28	5,875	3,096.30	28	5,875.0	3,096.30
Mar. Mar.	20th	30	7,200	3,699.75	30	7,200.0	3,699.75
Apr. Apr.	18th	29	6,492	3,335.11	29	6,492.0	3,335.11
May May	17th	29	4,924	2,446.56	29	4,924.0	2,446.56
June June	19th	33	3,877	1,915.03	33	3,877.0	1,915.03
July July	22nd	33	2,711	1,328.22	33	2,711.0	1,328.22
Aug. Aug.	20th	29	2,559	1,250.10	29	2,559.0	1,250.10
Sept. Sept.	19th	30	3,143	1,553.75	30	3,143.0	1,553.75
Oct. Oct.	18th	29	4,835	2,423.71	29	4,835.0	2,423.71
Nov. Nov.	18th	31	5,696	2,875.96	31	5,696.0	2,875.96
Dec. Dec.	19th	31	7,770	3,967.89	28	7,018.1	3,583.90
1930 Jan. Jan.	21st	33	8,349	4,291.46	..	.....	.....
Total.....		..	74,362	$37,910.84	365	60,996.2	$31,015.21

[fol. 4693]

Accounting Unit No. 19

Reading date	Company's records: No. days included	Company's records: M.C.F.	Company's records: Money	Adj. to cycle ending Dec. 16, 1929: No. days included	Adj. to cycle ending Dec. 16, 1929: M.C.F.	Adj. to cycle ending Dec. 16, 1929: Money
1928 Dec.						
Dec. 21st	30	333	$150.95	5	55.5	$25.16
1929 Jan.						
Jan. 22nd	32	353	161.15	32	353.0	161.15
Feb.						
Feb. 19th	28	374	170.50	28	374.0	170.50
Mar.						
Mar. 21st	30	361	163.75	30	361.0	163.75
Apr.						
Apr. 19th	29	505	229.95	29	505.0	229.95
May						
May 20th	31	460	207.70	31	460.0	207.70
June						
June 20th	31	460	207.20	31	460.0	207.20
July						
July 23rd	33	342	153.90	33	342.0	153.90
Aug.						
Aug. 21st	29	328	147.60	29	328.0	147.60
Sept.						
Sept. 20th	30	437	196.65	30	437.0	196.65
Oct.						
Oct. 21st	31	470	211.70	31	470.0	211.70
Nov.						
Nov. 19th	29	415	187.15	29	415.0	187.15
Dec.						
Dec. 20th	31	483	219.95	27	420.7	191.57
1930 Jan.						
Jan. 22nd	33	510	231.90	..	.....	.....
Total	..	5,831	$2,640.05	365	4,981.2	$2,253.98

[fol. 4694]

Accounting Unit No. 21

1928 Dec.						
Dec. 25th	32	1,873.0	$1,123.80	9	526.8	$316.07
1929 Jan.						
Jan. 24th	30	2,017.2	1,210.32	30	2,017.2	1,210.32
Feb.						
Feb. 21st	28	2,235.6	1,341.36	28	2,235.6	1,341.36
Mar.						
Mar. 25th	32	1,708.4	1,025.04	32	1,708.4	1,025.04
Apr.						
Apr. 23rd	29	1,803.7	1,082.22	29	1,803.7	1,082.22
May						
May 22nd	29	1,651.2	990.72	29	1,651.2	990.72
June						
June 24th	33	1,407.2	844.32	33	1,407.2	844.32
July						
July 25th	31	1,209.4	617.64	31	1,029.4	617.64
Aug.						
Aug. 23rd	29	1,024.8	614.88	29	1,024.8	614.88
Sept.						
Sept. 24th	32	1,377.5	826.50	32	1,377.5	826.50
Oct.						
Oct. 23rd	29	1,741.4	1,044.84	29	1,741.4	1,044.84
Nov.						
Nov. 21st	29	1,677.6	1,006.56	29	1,677.6	1,006.56
Dec.						
Dec. 24th	33	2,277.4	1,366.44	25	1,725.3	1,035.18
1930 Jan.						
Jan. 24th	31	2,340.1	1,404.06	..	.....	.....
Total.....	..	24,164.5	$14,498.70	365	19,926.1	$11,955.65

[fol. 4695] Special Ledger Including Accounting Unit No. 22

1928 Dec.							
Dec.	17th	32	7,487.2	$3,517.39	1	234.0	$109.92
1929 Jan.							
Jan.	16th	30	7,258.6	3,431.72	30	7,258.6	3,431.72
Feb.	14th	29	6,752.6	3,221.53	29	6,752.6	3,221.53
Mar.	15th	29	3,434.0	1,721.18	29	3,434.0	1,721.18
Apr.	15th	31	6,477.2	3,126.97	31	6,477.2	3,126.97
May	14th	29	6,144.5	2,962.82	29	6,144.5	2,962.82
June	14th	31	4,871.5	2,386.10	31	4,871.5	2,386.10
July	17th	33	3,817.1	1,909.12	33	3,817.1	1,909.12
Aug.	15th	29	4,534.0	2,214.68	29	4,534.0	2,214.68
Sept.	16th	32	5,671.5	2,751.35	32	5,671.5	2,751.35
Oct.	15th	29	5,027.3	2,461.44	29	5,027.3	2,461.44
Nov.	13th	29	4,279.9	2,154.40	29	4,279.9	2,154.40
Dec.	16th	33	3,472.8	1,826.55	33	3,472.8	1,826.55
1920 Jan.							
Jan.	16th	31	3,827.4	2,022.62	...	.....	.....
Total.....		..	73,055.6	$35,707.87	365	61,975.0	$30,277.78

[fol. 4696] CITY EX. #70

[fol. 4697] The Ohio Fuel Gas Company

Operating Expense—Calendar Year 1929

Adjusted to Reflect Operations During the Year 1929 of the Property of the Ohio Fuel Gas Company as Constituted December 31, 1929

	Account number	Amount
Purchased gas:		
Natural gas purchased.....	369	$7,160,203.21
Expense of attending gas purchased.....	370	89,877.69
Total cost of purchased gas.....		7,250,080.90
Production expense:		
Superintendence labor.....	350	49,292.53
Gas well and field lines labor.....	351	392,671.41
Other production system labor.....	353	110,767.64
Superintendence supplies and expense.....	354	4,341.99
Gas well & field lines supplies and expense...	355	70,222.74
Production system rent.....	357	3,352.50
Other production system supplies and expense	358	22,172.18
Gas well royalties.....	359	538,206.35
Maintenance production system structures...	362	1,589.30
Maintenance gas well equipment.....	363	54,128.06
Maintenance cleaning equipment.....	367	40,454.09
Maintenance other production system equipment.....	368	2,729.47
Non-productive well drilling expense.....	476	618,788.82
Total production expense.....		1,908,717.08
Total production expense including cost of purchased gas.....		9,158,797.98

	Account number	Amount
Transmission expense:		
Superintendence labor	371	$48,465.16
Compressing station labor	372	349,704.83
Measuring station labor	373	19,887.61
Transmission line operating labor	374	180,253.10
Other transmission system operating labor	375	24,366.29
Superintendence supplies and expense	376	5,679.36
Compressing station supplies and expense	377	831,726.31
Measuring station supplies and expense	378	10,891.56
Transmission line operating supplies & expense	379	56,228.59
Transmission system rents	380	136,043.06
Other transmission system operating supplies and expense	381	4,306.69
[fol. 4698]		
Compressing station structures maintenance	382	22,542.76
Other transmission system structures maintenance	383	1,108.45
Compressing station equipment maintenance	384	140,043.25
Transmission line equipment maintenance	385	317,237.40
Changing transmission lines	386	4,680.66
Measuring station equipment maintenance	387	15,750.99
Other transmission system equipment maintenance	388	498.38
Total transmission expense		2,169,414.45
Distribution expense:		
Natural gas	...	.....
Superintendence labor	389	33,022.02
Distribution lines operating labor	390	116,299.58
Labor removing and resetting meters and house regulators	391	86,533.57
Labor inspecting and testing meters and house regulators	392	3,100.75
Other meter department labor	393	23,744.03
Other distribution system operating labor	394	67,269.06
Superintendence supplies and expense	395	15,086.48
Distribution lines operating supplies & expense	396	89,124.28
Meter department operating supplies and expense	397	95,097.95
Distribution system rents	398	28,864.05
Other distribution system operating supplies and expense	399	28,293.97
Maintenance distribution system structures	400	7,716.36
Maintenance distribution line equipment	401	141,906.22
Changing distribution lines	402	5,994.62
Maintenance service line equipment	403	76,378.29
Maintenance meters	404	124,136.29
Maintenance house regulators	405	5,851.53
Maintenance district regulators & gas receivers	406	23,669.30
Maintenance other distribution system equipment	407	8,359.25
Total natural gas distribution expense		980,447.60
[fol. 4699]		
Utilization expense:		
Consumers' premises—labor	411	$43,825.37
Consumers' premises—supplies and expense	415	7,727.30
Total utilization expense		51,552.67

	Account number	Amount
Commercial expense:		
Labor and salaries	420	412,613.08
Supplies and expense	421	199,850.71
Accounting for appliance sales	.....	(20,276.42)
Total commercial expense		592,187.37
Business promotion expense:		
Salaries	422	115,933.51
Supplies and expense	424	98,588.05
Labor on pipe and fittings	425	934.87
Pipe and fittings—material and expense	426	381.81
Total business promotion expense		215,838.24
Manufactured gas expense:		
Manufactured gas purchased		500,434.23
Production expense		132,459.36
Distribution expense		9,568.35
Total manufactured gas expense		642,461.94
Franchise expense:		
Natural gas franchise requirements	450	26,891.90
Free service	461	(23,666.90)
Total franchise expense net		3,225.00
Total distribution expense		2,485,712.82

[fol. 4700]

General expense: (including administrative and other general)		
General officers' salaries	427	$67,378.04
Other general office employees' salaries	428	161,558.83
General office stationery and printing	429	8,512.11
Other general office supplies	430	4,719.02
Expenses of general officers	431	8,581.81
Expenses of other general office employees	432	5,406.19
General law expense	433	63,816.40
General office rent	434	57,886.78
Other general office expense	435	24,466.49
Maintenance general office equipment	437	1,462.77
Laboratory labor	442	555.37
Telephone and telegraph system labor	443	5,340.66
Laboratory supplies and expense	448	3,492.93
Telephone and telegraph system supplies and expense	449	2,872.10
Uncollectible accounts	452	19,322.46
Injuries and damages	454	100,400.00
Insurance—Other	455	56,549.95
Relief and pensions	456	56,691.63
Other general expenses	457	87,366.20
Inventory adjustments	458	1,939.63
Discount on materials and supplies	459	(7,433.23)
Maintenance telephone and telegraph system	473	6,261.68
Gas used in operation	460	(1,158,210.13)
Joint operating expenses transferred (differential)	479	(668,712.00)
Total general expense		(1,089,774.31)
Total operating expense, prior to depreciation, amortization and taxes		$12,724,150.94

[fol. 4701] CITY EXHIBIT NO. 75

The Ohio Fuel Gas Company

Determination of City Gate Rate for Natural Gas at Columbus, Using Company's Reproduction Cost and Operating Expenses, Adjusted and Allocated to the Service of Columbus, Based Upon a Net Return of 6, 6½ and 7 Per Cent Including Taxes

Operating expense	$1,446,052
Depreciation	286,258
Real and personal property tax (allocated on weighted average of property 11.8472%)	124,713
Miscellaneous tax—Auto licenses (allocated on basis of Gen'l exp. 12.4189%)	1,125
Total before taxes based on gross revenue or income	1,858,148

	Rate of return		
	6%	6½%	7%
Total expense including depreciation & property taxes	$1,858,148	$1,858,148	$1,858,148
Return on rate base $7,951.625	477,097	516,856	556,614
Federal income tax—12%	64,059	70,480	75,638
Excise tax @ 1.35% of gross revenue	32,851	33,483	34,098
P. U. C. maintenance tax @ .05126025% of gross revenue	1,247	1,272	1,295
Total gross revenue	$2,433,402	$2,480,239	$2,525,793
City gate rate, Columbus, Ohio per m. c. f. (9,279,605 m. c. f.)	26.2231¢	26.7279¢	27.2188¢

[fol. 4702] CITY EX. #86, PP. 2 TO 5, INC.

Report, Ohio Fuel Gas Company, City Gate Rate

Prepared for City of Columbus

J. Paul Blundon, Consulting Engineer, Charleston, West Virginia

Keyser, West Virginia

[fol. 4703] Ohio Fuel Gas Company

Class No. 1—Operated Acreage

Summary

County	No. of leases	Acreage	Total cost
Ashland	378 1/ 6	39,303	198,967.35
Athens	107 5/ 6	20,342	84,565.25
Belmont	7	534	2,343.20
Coshocton	26	3,598	15,282.60
Cuyahoga	32	1,350	11,231.20
Fairfield	67	8,242	35,717.55
Gallia	15	1,305	6,553.29
Guernsey	101 1/ 2	11,855	54,437.21
Hardin	2	386	1,608.80
Hocking	149 1/ 2	16,025	79,350.40
Holmes	98	9,354	51,572.98
Jackson	133 1/ 3	17,494	75,169.10
Knox	172 1/ 3	18,946	97,219.20
Lawrence	3 1/ 6	1,714	5,058.21
Licking	258 1/ 2	27,111	123,109.80
Loraine	84	7,035	36,994.96
Medina	276 1/ 6	23,436	135,448.20
Meigs	22 1/ 2	1,631	8,001.83
Monroe	25 1/ 2	1,446	7,091.16
Morgan	47	4,823	27,882.97
Muskingum	6	883	3,472.20

[fol. 4704]

County	No. of leases	Acreage	Total cost
Noble	40	4,075	17,413.02
Ottawa	16	1,350	5,434.50
Perry	43 13/30	4,106	19,284.10
Richland	74 1/ 3	7,727	38,891.40
Tuscarawas	11	807	4,787.05
Vinton	194	25,572	116,822.90
Washington	87 1/ 2	8,414	39,068.94
Wayne	234 1/ 3	22,532	119,546.67
Total	2,713 1/10	291,396	1,422,326.04

Organization	14,223.26
General officers' and clerks' salaries during construction	11,378.61
General officers' and clerks' expenses during construction	2,844.65
Office supplies and expenses during construction	2,844.65
Taxes during construction	5,689.30
Other expenditures during construction	21,334.89
Total	1,480,641.40
Interest during construction	88,838.48
Total cost	$1,569,479.88

[fol. 4705] Ohio Fuel Gas Company

Class No. 1—Operated Acreage

Ashland County—39303 Acres—378 1/6 Leases

Consideration	39303 Acres at	$2.05	$80,571.15
Abstracting	378 1/6 Leases "	10.00	3,786.67
Geological survey	39303 Acres "	.25	9,825.75
Lease agents fee	39303 Acres "	.25	9,825.75
Notarial acknowledgments	378 1/6 Leases "	.50	189.08

Recording:

110 5/6	Type 1 at	$1.50	$166.25	
3	Type 2 "	1.50	4.50	
15	Type 3 "	1.35	20.25	
7	Type 4 "	1.00	7.00	
12 1/2	Type 6 "	1.10	13.75	
1	Type 8 "	1.50	1.50	
3	Type 9 "	1.40	4.20	
1	Type 10 "	1.35	1.35	
5	Type 11 "	1.35	6.75	
4	Type 12 "	1.35	5.40	
1	Type 13 "	1.50	1.50	
7	Type 17 "	1.70	11.90	
1	Type 19 "	2.00	2.00	
2	Type 20 "	1.50	3.00	
45 5/6	Type 21 "	1.50	68.75	
62	Type 22 "	1.50	93.00	
73	Type 23 "	1.35	98.55	
15	Type 24 "	1.50	22.50	
3	Type 26 "	1.50	4.50	
1	Type 27 "	1.00	1.00	
3	Type 29 "	1.50	4.50	
1	Type 31 "	1.00	1.00	
1	Type 33 "	1.50	1.50	
Total				544.65

Ohio Fuel Gas Company—Continued

Well rental—1 year:

129	Type 1	at	200.00	$25,800 00
3	Type 2	"	200.00	600.00
17	Type 3	"	200.00	3,400.00
9	Type 4	"	100.00	900.00
15	Type 6	"	200.00	3,000.00

[fol. 4706]

1	Type 8	"	$200.00	$200.00
5	Type 9	"	200.00	1,000.00
1	Type 10	"	200.00	200.00
4	Type 11	"	200.00	800.00
5	Type 12	"	200.00	1,000.00
1	Type 13	"	200.00	200.00
10	Type 17	"	132.43	1,324.30
1	Type 19	"	200.00	200.00
2	Type 20	"	200.00	400.00
51	Type 21	"	200.00	10,200.00
89	Type 22	"	200.00	17,800.00
103	Type 23	"	200.00	20,600.00
20	Type 24	"	200.00	4,000.00
7	Type 26	"	200.00	1,400.00
1	Type 27	"	200.00	200.00
3	Type 29	"	200.00	600.00
1	Type 31	"	200.00	200.00
1	Type 33	"	200.00	200.00
Total				$94,224.30
Total for Ashland County				$198,967.35

[fol. 4707]

CITY EX. #87

Report, Ohio Fuel Gas Company, General and Direct Overhead City Gate Rate
Columbus, Ohio

Prepared for City of Columbus

J. Paul Blundon, Consulting Engineer, Charleston, West Virginia
Keyser, West Virginia

[fol. 4708]

Contents

Item	Page
Comparison of general overheads by accounts, Ford, Bacon, and Davis and J. Paul Blundon, before accrued depreciation	1
Comparison of general overheads by accounts, Ford, Bacon, and Davis and J. Paul Blundon, after accrued depreciation	4
Comparison of direct overheads by accounts, Ford, Bacon, and Davis and J. Paul Blundon, before accrued depreciation	7
Comparison of direct overheads by accounts, Ford, Bacon, and Davis and J. Paul Blundon, after accrued depreciation	10

(Here follow tables, side folios 4709-4720)

[fol. 4709]

[fol. 4710]

Comparison of General Overheads Before Accrued Depreciation

Ohio Fuel Gas Company

Unadjusted Reproduction Cost Estimate, Before Accrued Depreciation, Showing Comparison by Accounts of General Overheads by Ford, Bacon & Davis and J. Paul

Acct. No.	Title	Total property excluding general overheads	General Overhead Charges: Organization Account No. 200		Engineering and superintendence during construction Account No. 258		Administration during construction Accts. No. 259, 260, 261		Law expenditure during construction Accts. No. 262, 263, 264, 265		Interest during construction Acct. No. 266		Cost of financing	
			F. B. & D.	J. P. B.	F. B. & D.	J. P. B.	F. B. & D.	J. P. B.	F. B. & D.	J. P. B.	F. B. & D.	J. P. B.	F. B. & D.	J. P. B.
	Production system:													
204	Land	$20,514	$513	.....	.....	.....	$410	.....	$308	.....	$1,436	.....	$820	.....
206	Rights of way	115,508	2,888	$1,155	$2,888	$2,888	2,310	$1,386	1,733	$2,079	8,085	$6,930	4,620	.....
208	Gas well structures	343,382	8,585	3,434	8,585	8,585	6,868	4,121	5,151	6,181	24,037	20,603	13,735	.....
210	Other production system structures	162,136	4,053	1,621	4,053	4,053	3,243	1,946	2,432	2,918	11,350	9,728	6,486	.....
211	Gas well construction	14,192,077	354,802	141,921	354,802	354,802	283,842	170,305	212,881	255,457	993,445	851,525	567,683	.....
212	Gas well equipment	9,715,175	242,879	97,152	242,879	242,879	194,303	116,582	145,727	174,873	680,062	582,910	388,607	.....
213	Field line construction	774,475	19,362	7,745	19,362	19,362	15,490	9,294	11,617	13,941	54,213	46,468	30,979	.....
214	Field line equipment	1,801,912	45,048	18,019	45,048	45,048	36,038	21,623	27,029	32,434	126,134	108,115	72,076	.....
216	Drilling and cleaning equipment	545,401	13,635	5,454	13,635	13,635	10,908	6,545	8,181	9,817	38,178	37,724	21,816	.....
217	Other production system equipment	5,612	140	56	140	140	112	67	84	101	393	337	225	.....
	Total	$27,676,192	$691,905	$276,557	$691,392	$691,392	$553,524	$331,869	$415,143	$497,801	$1,937,333	$1,659,340	$1,107,047	.....
	Incomplete construction	234,295	5,857	.....	5,857	.....	4,686	.....	3,514	.....	16,401	.....	9,372	.....
	Total production system	$27,910,487	$697,762	$276,557	$697,249	$691,392	$558,210	$331,869	$418,657	$497,801	$1,953,734	$1,659,340	$1,116,419	.....
	Transmission system:													
218	Land	67,818	1,696	.....	.....	.....	1,356	.....	1,017	.....	4,747	.....	2,713	.....
220	Rights of way	1,797,299	44,932	17,973	89,865	44,933	35,946	21,568	26,960	32,352	125,811	107,838	71,892	.....
221	Compressing station structures	1,089,999	27,250	10,900	54,500	27,250	21,800	13,080	16,350	19,620	76,300	65,400	43,600	.....
222	Transmission system measuring station structure	129,629	3,241	1,296	6,481	3,241	2,593	1,555	1,944	2,333	9,074	7,778	5,185	.....
223	Other transmission system structures	234,167	5,854	2,342	11,708	5,854	4,683	2,810	3,513	4,215	16,392	14,050	9,367	.....
224	Compressing station equipment	6,294,007	157,350	62,940	314,701	157,350	125,880	75,528	94,410	113,292	440,581	377,640	251,760	.....
225	Transmission system measuring station equipment	496,891	12,422	4,969	24,845	12,422	9,938	5,963	7,453	8,944	34,782	29,813	19,876	.....
226	Transmission line equipment	40,541,891	1,013,547	405,419	2,027,095	1,013,547	810,838	486,503	608,128	729,744	2,837,932	2,432,513	1,621,676	.....
227	Other transmission system property	168,708	4,218	1,687	8,435	4,218	3,374	2,024	2,531	3,037	11,810	10,123	6,748	.....
	Total transmission system	$50,820,409	$1,270,510	$507,526	$2,537,630	$1,268,815	$1,016,408	$609,031	$762,306	$913,546	$3,557,429	$3,045,155	2,032,817	.....

[fol. 4711]

	General property:													
244	General office land	$108,906	$2,723	.....	.....	.....	$2,178	.....	$1,634	.....	$7,623	.....	$4,356	.....
245	Other general land	2,757	69	.....	.....	.....	55	.....	41	.....	193	.....	110	.....
247	General office structures	284,045	7,101	2,840	2,841	7,101	5,681	3,409	4,261	5,113	19,883	17,043	11,362	.....
248	Other general structures	81,595	2,040	816	816	2,040	1,632	979	1,224	1,469	5,712	4,896	3,264	.....
249	General office equipment	132,145	3,304	1,321	1,321	3,304	2,643	1,586	1,982	2,379	9,250	7,929	5,286	.....
251	General shop equipment	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
256	General tools & implements	104,477	2,612	1,045	1,045	2,612	2,089	1,254	1,567	1,881	7,313	6,268	4,179	.....
253	General garage equipment	367,339	9,183	3,673	3,673	9,183	7,347	4,408	5,510	6,612	25,714	22,040	14,694	.....
254	General laboratory equipment	11,201	280	112	112	280	224	134	168	202	784	672	448	.....
255	General telephone and telegraph equipment	173,529	4,338	1,735	1,735	4,338	3,471	2,082	2,603	3,124	12,147	10,412	6,941	.....
	Total general property	$1,265,994	$31,650	$11,542	$11,543	$28,858	$25,320	$13,852	$18,990	$20,780	$88,619	$69,260	$50,640	.....
	Grand total	$79,996,890	$1,999,922	$795,625	$3,246,422	$1,989,065	$1,599,938	$954,752	$1,199,953	$1,432,128	$5,599,782	$4,773,755	$3,199,876	.....

Comparison of General Overheads Before Accrued Depreciation

Ohio Fuel Gas Company

ed Reproduction Cost Estimate, Before Accrued Depreciation, Showing Comparison by Accounts of General Overheads by Ford, Bacon & Davis and J. Paul Blundon

General Overhead Charges

Organization Account No. 200		Engineering and superintendence during construction Account No. 258		Administration during construction Accts. No. 259, 260, 261		Law expenditure during construction Accts. No. 262, 263, 264, 265		Interest during construction Acct. No. 266		Cost of financing		Other expenditures during construction Acct. No. 267		Total general overhead charges	
F. B. & D.	J. P. B.	F. B. & D.	J. P. B.	F. B. & D.	J. P. B.	F. B. & D.	J. P. B.	F. B. & D.	J. P. B.	F. B. & D.	J. P. B.	F. B. & D.	J. P. B.	F. B. & D.	J. P. B.
$513	.....	.....	.....	$410	.....	$308	.....	$1,436	.....	$820	.....	.....	.....	$3,487	.....
2,888	$1,155	$2,888	$2,888	2,310	$1,386	1,733	$2,079	8,085	$6,930	4,620	.....	.....	.....	22,524	$16,171
8,585	3,434	8,585	8,585	6,868	4,121	5,151	6,181	24,037	20,603	13,735	.....	.....	$1,733	66,961	48,075
4,053	1,621	4,053	4,053	3,243	1,946	2,432	2,918	11,350	9,728	6,486	.....	.....	5,151	31,617	22,698
354,802	141,921	354,802	354,802	283,842	170,305	212,881	255,457	993,445	851,525	567,683	.....	.....	212,881	2,767,455	1,986,891
242,879	97,152	242,879	242,879	194,303	116,582	145,727	174,873	680,062	582,910	388,607	.....	.....	145,728	1,894,457	1,360,124
19,362	7,745	19,362	19,362	15,490	9,294	11,617	13,941	54,213	46,468	30,979	.....	.....	11,617	151,023	108,427
45,048	18,019	45,048	45,048	36,038	21,623	27,029	32,434	126,134	108,115	72,076	.....	.....	27,029	351,373	252,268
13,635	5,454	13,635	13,635	10,908	6,545	8,181	9,817	38,178	37,724	21,816	.....	.....	8,181	106,353	76,356
140	56	140	140	112	67	84	101	393	337	225	.....	.....	84	1,094	785
$691,905	$276,557	$691,392	$691,392	$553,524	$331,869	$415,143	$497,801	$1,937,333	$1,659,340	$1,107,047	.....	.....	$414,836	$5,396,344	$3,871,795
5,857	.....	5,857	.....	4,686	.....	3,514	.....	16,401	.....	9,372	.....	.....	.....	45,687	.....
$697,762	$276,557	$697,249	$691,392	$558,210	$331,869	$418,657	$497,801	$1,953,734	$1,659,340	$1,116,419	.....	.....	$414,836	$5,442,031	$3,871,795
1,696	.....	.....	.....	1,356	.....	1,017	.....	4,747	.....	2,713	.....	.....	.....	11,529	.....
44,932	17,973	89,865	44,933	35,946	21,568	26,960	32,352	125,811	107,838	71,892	.....	.....	26,960	395,406	251,624
27,250	10,900	54,500	27,250	21,800	13,080	16,350	19,620	76,300	65,400	43,600	.....	.....	16,350	239,800	152,600
3,241	1,296	6,481	3,241	2,593	1,555	1,944	2,333	9,074	7,778	5,185	.....	.....	1,944	28,518	18,147
5,854	2,342	11,708	5,854	4,683	2,810	3,513	4,215	16,392	14,050	9,367	.....	.....	3,513	51,517	32,784
157,350	62,940	314,701	157,350	125,880	75,528	94,410	113,292	440,581	377,640	251,760	.....	.....	94,410	1,384,682	881,160
12,422	4,969	24,845	12,422	9,938	5,963	7,453	8,944	34,782	29,813	19,876	.....	.....	7,453	109,316	69,564
1,013,547	405,419	2,027,095	1,013,547	810,838	486,503	608,128	729,744	2,837,932	2,432,513	1,621,676	.....	.....	608,128	8,919,216	5,675,864
4,218	1,687	8,435	4,218	3,374	2,024	2,531	3,037	11,810	10,123	6,748	.....	.....	2,531	37,116	23,620
$1,270,510	$507,526	$2,537,630	$1,268,815	$1,016,408	$609,031	$762,306	$913,546	$3,557,429	$3,045,155	2,032,817	.....	.....	$761,289	$11,177,100	$7,105,363
$2,723	.....	.....	.....	$2,178	.....	$1,634	.....	$7,623	.....	$4,356	.....	.....	.....	$18,514	.....
69	.....	.....	.....	55	.....	41	.....	193	.....	110	.....	.....	.....	468	.....
7,101	2,840	2,841	7,101	5,681	3,409	4,261	5,113	19,883	17,043	11,362	.....	.....	4,261	51,129	39,767
2,040	816	816	2,040	1,632	979	1,224	1,469	5,712	4,896	3,264	.....	.....	1,224	14,688	11,424
3,304	1,321	1,321	3,304	2,643	1,586	1,982	2,379	9,250	7,929	5,286	.....	.....	1,982	23,786	18,501
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
2,612	1,045	1,045	2,612	2,089	1,254	1,567	1,881	7,313	6,268	4,179	.....	.....	1,567	18,805	14,627
9,183	3,673	3,673	9,183	7,347	4,408	5,510	6,612	25,714	22,040	14,694	.....	.....	5,510	66,121	51,426
280	112	112	280	224	134	168	202	784	672	448	.....	.....	168	2,016	1,568
4,338	1,735	1,735	4,338	3,471	2,082	2,603	3,124	12,147	10,412	6,941	.....	.....	2,603	31,235	24,294
$31,650	$11,542	$11,543	$28,858	$25,320	$13,852	$18,990	$20,780	$88,619	$69,260	$50,640	.....	.....	$17,315	$226,762	$161,607
,999,922	$795,625	$3,246,422	$1,989,065	$1,599,938	$954,752	$1,199,953	$1,432,128	$5,599,782	$4,773,755	$3,199,876	.....	.....	$1,193,440	$16,845,893	$11,138,765

[fol. 4712]

[fol. 4713]

Comparison of General Overheads After Accrued Depreciation

Ohio Fuel Gas Company

Unadjusted Reproduction Cost Estimate After Accrued Depreciation Showing Comparison by Accounts of General Overheads by Ford, Bacon & Davis and J. Paul

Acct No..	Title	Total property excluding general overheads		Organization Account No. 200		Engineering and superintendence during construction Account No. 258		Administration during construction, Accts. Nos. 259, 260, 261		Law expenditure during construction Accts. No. 262, 263, 264, 265		Interest during construction Acct. No. 266		Cost of financing	
		F. B. & D.	J. P. B.	F. B. & D.	J. P. B.	F .B. & D.	J. P. B.	F. B. & D.	J. P. B.	F. B. & D.	J. P. B.	F. B. & D.	J. P. B.	F. B. & D.	J. P.
	Production system:														
204	Land	$20,514	$20,514	$513	.....	.....	.....	$410	.....	$308	.....	$1,436	.....	$820	.....
206	Rights of way	115,508	115,508	2,888	$1,155	$2,888	$2,888	2,310	$386	1,733	2,079	8,085	6,930	4,620	.....
208	Gas well structures	274,706	274,706	8,585	3,434	8,242	6,868	6,868	3,297	5,151	4,945	19,230	16,482	13,735	.....
210	Other production system structures	139,400	139,400	4,053	1,621	3,940	3,485	3,243	1,673	2,432	2,509	9,758	8,364	6,486	.....
211	Gas well construction	11,353,662	11,353,662	354,802	141,921	340,610	283,842	283,842	136,244	212,881	204,366	794,756	681,220	567,683	.....
212	Gas well equipment	7,772,140	7,772,140	242,879	97,152	233,164	194,303	194,303	93,266	145,727	136,898	544,050	466,328	388,607	.....
213	Field line construction	658,304	658,304	19,362	7,745	18,781	16,458	15,490	7,900	11,617	11,850	46,081	39,498	30,979	.....
214	Field line equipment	1,531,625	1,531,625	45,048	18,019	43,696	38,291	36,038	18,380	27,029	27,569	107,214	91,898	72,076	.....
216	Drilling and cleaning equipment.	381,781	381,781	13,635	5,454	12,817	9,544	10,980	4,581	8,181	6,872	26,725	22,907	21,816	.....
217	Other production system equipment	4,791	4,791	140	56	136	120	112	57	84	86	335	288	225	.....
	Total	$22,252,431	$22,252,431	$691,905	$276,557	$664,274	$555,799	$553,524	$266,784	$415,143	$400,174	$1,557,670	$1,333,915	$1,107,047	.....
	Incomplete construction	234,295	.....	5,857	.....	5,857	.....	4,686	.....	3,514	.....	16,401	.....	9,372	.....
	Total production system	$22,486,726	$22,252,431	$697,762	$276,557	$670,131	$555,799	$558,210	$266,784	$418,657	$400,174	$1,574,071	$1,333,915	$1,116,419	.....
	Transmission system:														
218	Land	67,818	67,818	1,696	.....	.....	.....	1,356	.....	1,017	.....	4,747	.....	2,713	.....
220	Rights of way	1,797,299	1,797,299	44,932	17,973	89,865	44,933	35,946	21,568	26,960	32,352	125,811	107,838	71,892	.....
221	Compressing station structures	919,007	919,007	27,250	10,900	51,080	22,974	21,800	11,028	16,350	16,542	64,331	55,139	43,600	.....
222	Transmission system measuring station structures	103,703	103,703	3,241	1,296	5,963	2,593	2,593	1,244	1,944	1,866	7,259	6,222	5,185	.....
223	Other transmission system structures	189,999	189,999	5,854	2,342	10,825	4,750	4,683	2,280	3,513	3,420	13,300	11,400	9,367	.....
224	Compressing station equipment	5,300,007	5,300,007	157,350	62,940	294,821	132,489	125,880	63,595	94,410	95,392	371,001	317,973	251,760	.....
225	Transmission system measuring station equipment	447,203	447,203	12,422	4,969	23,851	11,180	9,938	5,367	7,453	8,050	31,304	26,832	19,876	.....
226	Transmission line equipment	33,447,060	33,447,060	1,013,547	405,419	1,885,198	836,176	810,838	401,365	608,128	602,047	2,341,294	2,006,823	1,621,676	.....
227	Other transmission system property	143,627	143,627	4,218	1,687	7,933	3,591	3,374	1,723	2,531	2,585	10,054	8,618	6,748	.....
	Total transmission system	$42,415,723	$42,415,723	1,270,510	$507,526	$2,369,536	$1,058,686	$1,016,408	$508,170	$762,306	$762,254	$2,969,101	$2,540,845	$2,032,817	.....

[fol. 4714]

	General property:														
244	General office land	108,906	108,906	2,723	.....	.....	.....	2,178	.....	1,634	.....	7,623	.....	4,356	.....
245	Other general land	2,757	2,757	69	.....	.....	.....	55	.....	41	.....	193	.....	110	.....
247	General office structures	275,524	275,524	7,101	2,840	2,755	6,888	5,681	3,307	4,261	4,960	19,287	16,532	11,362	.....
248	Other general structures	64,981	64,981	2,040	816	650	1,625	1,632	780	1,224	1,170	4,549	3,899	3,264	.....
249	General office equipment	116,101	116,101	3,304	1,321	1,160	2,903	2,643	1,393	1,982	2,090	8,127	6,966	5,286	.....
251	General shop equipment	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
256	General tools and implements	83,335	83,335	2,612	1,045	833	2,083	2,089	1,000	1,567	1,500	5,833	4,999	4,179	.....
253	General garage equipment	301,537	301,537	9,183	3,673	3,015	7,538	7,347	3,619	5,510	5,428	21,108	18,093	14,694	.....
254	General laboratory equipment	7,891	7,891	280	112	79	197	224	94	168	142	552	473	448	.....
255	General telephone & telegraph equipment	128,312	128,312	4,338	1,735	1,283	3,288	3,471	1,539	2,603	2,310	8,982	7,699	6,941	.....
	Total general property	$1,089,344	$1,089,344	$31,650	$11,542	$9,775	$24,442	$25,320	$11,732	$18,990	$17,600	$76,254	$58,661	$50,640	.....
	Grand total	$65,991,793	$65,757,498	$1,999,922	$795,625	$3,049,442	$1,638,927	$1,599,938	$786,686	$1,199,953	$1,180,028	$4,619,426	$3,933,421	$3,199,876	.....

Comparison of General Overheads After Accrued Depreciation

Ohio Fuel Gas Company

Adjusted Reproduction Cost Estimate After Accrued Depreciation Showing Comparison by Accounts of General Overheads by Ford, Bacon & Davis and J. Paul Blundon

Sub-accounts	Organization Account No. 200		Engineering and superintendence during construction Account No. 258		Administration during construction, Accts. Nos. 259, 260, 261		Law expenditure during construction Accts. No. 262, 263, 264, 265		Interest during construction Acct. No. 266		Cost of financing		Other expenditure during construction Acct. No. 267		Total general overhead charges	
	F. B. & D.	J. P. B.	F. B. & D.	J. P. B.	F. B. & D.	J. P. B.	F. B. & D.	J. P. B.	F. B. & D.	J. P. B.	F. B. & D.	J. P. B.	F. B. & D.	J. P. B.	F. B. & D.	J. P. B.
0,514	$513	.....	.....	.....	$410	.....	$308	.....	$1,436	.....	$820	.....	.....	.....	$3,487	.....
5,508	2,888	$1,155	$2,888	$2,888	2,310	$386	1,733	2,079	8,085	6,930	4,620	.....	.....	$1,733	22,524	16,171
4,706	8,585	3,434	8,242	6,868	6,868	3,297	5,151	4,945	19,230	16,482	13,735	.....	.....	4,121	61,811	39,147
0,400	4,053	1,621	3,940	3,485	3,243	1,673	2,432	2,509	9,758	8,364	6,486	.....	.....	2,091	29,912	19,743
3,662	354,802	141,921	340,610	283,842	283,842	136,244	212,881	204,366	794,756	681,220	567,683	.....	.....	170,305	2,554,574	1,617,898
2,140	242,879	97,152	233,164	194,303	194,303	93,266	145,727	136,898	544,050	466,328	388,607	.....	.....	116,582	1,748,730	1,107,529
6,304	19,362	7,745	18,781	16,458	15,490	7,900	11,617	11,850	46,081	39,498	30,979	.....	.....	9,874	142,310	93,325
1,625	45,048	18,019	43,696	38,291	36,038	18,380	27,029	27,569	107,214	91,898	72,076	.....	.....	22,975	331,101	217,132
3,781	13,635	5,454	12,817	9,544	10,980	4,581	8,181	6,872	26,725	22,907	21,816	.....	.....	5,727	94,082	55,085
4,791	140	56	136	120	112	57	84	86	335	288	225	.....	.....	72	1,032	679
2,431	$691,905	$276,557	$664,274	$555,799	$553,524	$266,784	$415,143	$400,174	$1,557,670	$1,333,915	$1,107,047	.....	.....	$333,480	$4,989,563	$3,166,709
.....	5,857	.....	5,857	.....	4,686	.....	3,514	.....	16,401	.....	9,372	.....	.....	.....	45,687	.....
2,431	$697,762	$276,557	$670,131	$555,799	$558,210	$266,784	$418,657	$400,174	$1,574,071	$1,333,915	$1,116,419	.....	.....	$333,480	$5,035,250	$3,166,709
7,818	1,696	.....	.....	.....	1,356	.....	1,017	.....	4,747	.....	2,713	.....	.....	.....	11,529	.....
7,299	44,932	17,973	89,865	44,933	35,946	21,568	26,960	32,352	125,811	107,838	71,892	.....	.....	26,960	395,406	251,624
9,007	27,250	10,900	51,080	22,974	21,800	11,028	16,350	16,542	64,331	55,139	43,600	.....	.....	13,785	224,411	130,368
3,703	3,241	1,296	5,963	2,593	2,593	1,244	1,944	1,866	7,259	6,222	5,185	.....	.....	1,555	26,185	14,776
9,999	5,854	2,342	10,825	4,750	4,683	2,280	3,513	3,420	13,300	11,400	9,367	.....	.....	2,850	47,542	27,042
0,007	157,350	62,940	294,821	132,489	125,880	63,595	94,410	95,392	371,001	317,973	251,760	.....	.....	79,493	1,295,222	751,882
7,203	12,422	4,969	23,851	11,180	9,938	5,367	7,453	8,050	31,304	26,832	19,876	.....	.....	6,708	104,844	63,106
7,060	1,013,547	405,419	1,885,198	836,176	810,838	401,365	608,128	602,047	2,341,294	2,006,823	1,621,676	.....	.....	501,706	8,280,681	4,753,536
9,627	4,218	1,687	7,933	3,591	3,374	1,723	2,531	2,585	10,054	8,618	6,748	.....	.....	2,155	34,865	20,359
5,723	1,270,510	$507,526	$2,369,536	$1,058,686	$1,016,408	$508,170	$762,306	$762,254	$2,969,101	$2,540,845	$2,032,817	.....	.....	$635,212	$10,420,788	$6,012,693
3,906	2,723	.....	.....	.....	2,178	.....	1,634	.....	7,623	.....	4,356	.....	.....	.....	18,514	.....
2,757	69	.....	.....	.....	55	.....	41	.....	193	.....	110	.....	.....	.....	468	.....
1,524	7,101	2,840	2,755	6,888	5,681	3,307	4,261	4,960	19,287	16,532	11,362	.....	.....	4,133	50,447	38,660
1,981	2,040	816	650	1,625	1,632	780	1,224	1,170	4,549	3,899	3,264	.....	.....	975	13,359	9,265
4,101	3,304	1,321	1,160	2,903	2,643	1,393	1,982	2,090	8,127	6,966	5,286	.....	.....	1,741	22,502	16,414
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
4,335	2,612	1,045	833	2,083	2,089	1,000	1,567	1,500	5,833	4,999	4,179	.....	.....	1,250	17,113	11,877
2,537	9,183	3,673	3,015	7,538	7,347	3,619	5,510	5,428	21,108	18,093	14,694	.....	.....	4,523	60,857	42,874
391	280	112	79	197	224	94	168	142	552	473	448	.....	.....	118	1,751	1,136
9,312	4,338	1,735	1,283	3,288	3,471	1,539	2,603	2,310	8,982	7,699	6,941	.....	.....	1,925	27,618	18,416
1,944	$31,650	$11,542	$9,775	$24,442	$25,320	$11,732	$18,990	$17,600	$76,254	$58,661	$50,640	.....	.....	$14,665	$212,629	$138,642
7,198	$1,999,922	$795,625	$3,049,442	$1,638,927	$1,599,938	$786,686	$1,199,953	$1,180,028	$4,619,426	$3,933,421	$3,199,876	.....	.....	$983,357	$15,668,557	$9,318,044
															9,318,044	
															$6,350,513	

[fol. 4715]

[fol. 4716]

Comparison of Direct Overheads Before Accrued Depreciation

Ohio Fuel Gas Company

Comparison of Direct Overheads, by Accounts, on Material, Labor, and Structures, on Unadjusted Reproduction Cost New BetweenFord, Bacon & Davis and J. Paul Blundon

Acct. No.	Title	Total property including direct overheads		Property exclusive of direct overhead					Direct overhead				
									Material		Labor		St
		F. B. & D.	J. P. B.	Property on which no direct overhead is allowed	Material	Labor	Structures	Total	F. B. & D.	J. P. B.	F. B. & D.	J. P. B.	F. B. &
	Production system:												
204	Land	$20,514	$20,514	$20,514	.....	.....	.....	$20,514	.....	.....	.....	.....	.....
206	Rights of way	115,308	115,508	115,508	.....	.....	.....	115,508	.....	.....	.....	.....	.....
208	Gas well structures	343,382	348,432	.....	$336,649	.....	.....	336,649	$6,733	$11,783	.....	.....	.....
210	Other production sys. str	162,136	158,813	.....	.....	.....	$132,898	132,898	.....	.....	.....	.....	$29,
211	Gas well construction	14,192,077	14,470,353	.....	.....	$13,913,801	.....	13,913,801	.....	.....	278,276	556,552	.....
212	Gas well equipment	9,715,175	9,668,242	.....	9,386,643	.....	.....	9,386,643	328,532	281,599	.....	.....	.....
213	Field line construction	774,475	679,364	.....	.....	617,604	.....	617,604	.....	.....	156,871	61,760	.....
214	Field line equipment	1,801,912	1,770,089	.....	1,715,627	.....	.....	1,715,627	86,285	54,462	.....	.....	.....
216	Drilling & cleaning equipment	545,401	537,683	.....	514,529	.....	.....	514,529	30,872	23,154	.....	.....	.....
217	Other production system equipment	5,612	5,534	.....	4,226	938	104	5,268	190	148	131	98	
	Total	$27,676,192	$27,774,532	$136,022	$11,957,674	$14,532,343	$133,002	$26,759,041	$452,612	$371,146	$435,278	$618,410	$29,
	Incomplete construction	234,295	234,295	234,295	.....	.....	.....	234,295	.....	.....	.....	.....	.....
	Total production system	$27,910,487	$28,008,827	$370,317	$11,957,674	$14,532,343	$133,002	$26,993,336	$452,612	$371,146	$425,278	$618,410	$29,
	Transmission system:												
218	Land	$67,818	$67,818	$67,818	.....	.....	.....	$67,818	.....	.....	.....	.....	.....
220	Rights of way	1,797,299	1,797,299	1,797,299	.....	.....	.....	1,797,299	.....	.....	.....	.....	.....
221	Compression station structs	1,089,999	1,667,663	.....	.....	.....	$893,442	893,442	.....	.....	.....	.....	.....
222	Transmission system measuring station structures	129,629	126,972	.....	.....	.....	106,253	106,253	.....	.....	.....	.....	$196,
223	Other transmission sys. str	234,167	229,368	.....	.....	.....	191,940	191,940	.....	.....	.....	.....	23,
224	Compressing station equipment	6,294,007	6,257,137	.....	$5,172,918	$539,085	347,168	6,059,171	$82,987	$73,664	$75,472	56,604	42,
225	Transmission system measuring station equipment	496,891	494,869	.....	434,250	38,035	.....	472,285	22,324	19,541	2,282	3,043	76,
226	Transmission line equipment	40,541,891	38,720,160	.....	28,253,561	8,719,400	.....	36,972,961	1,354,202	875,259	2,214,728	871,940	.....
227	Other transmission system property	168,708	168,347	.....	142,764	17,740	.....	160,504	6,430	6,424	1,774	1,419	.....
	Total transmission system	$50,820,409	$48,929,633	$1,865,117	$34,003,493	$9,314,260	$1,538,863	$46,721,673	$1,465,943	$974,888	$2,294,256	$933,006	$338,

[fol. 4717]

	General property:												
244	General office land	$108,906	$108,906	$108,906	.....	.....	.....	$108,906	.....	.....	.....	.....	.....
245	Other office land	2,757	2,757	2,757	.....	.....	.....	2,757	.....	.....	.....	.....	.....
247	General office structures	284,045	278,225	.....	.....	.....	$232,824	232,824	.....	.....	.....	.....	$51
248	Other general structures	81,395	79,923	.....	.....	.....	66,881	66,881	.....	.....	.....	.....	14,
249	General office equipment	132,145	132,145	132,145	.....	.....	.....	132,145	.....	.....	.....	.....	.....
251	General shop equipment	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
256	General tools and implements	104,477	104,477	104,477	.....	.....	.....	104,477	.....	.....	.....	.....	.....
253	General garage equipment	367,339	367,339	367,339	.....	.....	.....	367,339	.....	.....	.....	.....	.....
254	General laboratory equipment	11,201	11,201	11,201	.....	.....	.....	11,201	.....	.....	.....	.....	.....
255	General telephone and telegraph equipment	173,529	171,932	.....	$91,882	$68,392	.....	160,274	$5,048	$4,135	$8,207	$7,523	.....
	Total general property	$1,265,994	$1,256,905	$726,825	$91,882	$68,392	$299,705	$1,186,804	$5,048	$4,135	$8,207	$7,523	$65,
	Grand total	$79,996,890	$78,195,365	.....	.....	.....	.....	$74,901,813	.....	.....	.....	.....	.....

Comparison of Direct Overheads Before Accrued Depreciation

Ohio Fuel Gas Company

Comparison of Direct Overheads, by Accounts, on Material, Labor, and Structures, on Unadjusted Reproduction Cost New BetweenFord, Bacon & Davis and J. Paul Blundon

	Total property including direct overheads		Property exclusive of direct overhead					Direct overheads							
								Material		Labor		Structures		Total direct overhead	
	F. B. & D.	J. P. B.	Property on which no direct overhead is allowed	Material	Labor	Structures	Total	F. B. & D.	J. P. B.	F. B. & D.	J. P. B.	F. B. & D.	J. P. B.	F. B. & D.	J. P. B.
	$20,514	$20,514	$20,514				$20,514								
	115,308	115,508	115,508				115,508								
	343,382	348,432		$336,649			336,649	$6,733	$11,783					$6,733	$11,783
	162,136	158,813				$132,898	132,898					$29,238	$25,915	29,238	25,915
	14,192,077	14,470,353			$13,913,801		13,913,801			278,276	556,552			278,276	556,552
	9,715,175	9,668,242		9,386,643			9,386,643	328,532	281,599					328,532	281,599
	774,475	679,364			617,604		617,604			156,871	61,760			156,871	61,760
	1,801,912	1,770,089		1,715,627			1,715,627	86,285	54,462					86,285	54,462
	545,401	537,683		514,529			514,529	30,872	23,154					30,872	23,154
	5,612	5,534		4,226	938	104	5,268	190	148	131	98	23	20	344	266
	$27,676,192	$27,774,532	$136,022	$11,957,674	$14,532,343	$133,002	$26,759,041	$452,612	$371,146	$435,278	$618,410	$29,261	$25,935	$917,151	$1,015,491
	234,295	234,295	234,295				234,295								
	$27,910,487	$28,008,827	$370,317	$11,957,674	$14,532,343	$133,002	$26,993,336	$452,612	$371,146	$425,278	$618,410	$29,261	$25,935	$917,151	$1,015,491
	$67,818	$67,818	$67,818				$67,818								
	1,797,299	1,797,299	1,797,299				1,797,299								
	1,089,999	1,667,663				$893,442	893,442					$196,557	$174,221	$196,557	$174,221
structures.	129,629	126,972				106,253	106,253					23,376	20,719	23,376	20,719
	234,167	229,368				191,940	191,940					42,227	37,428	42,227	37,428
	6,294,007	6,257,137		$5,172,918	$539,085	347,168	6,059,171	$82,987	$73,664	$75,472	56,604	76,377	67,698	234,836	197,966
equipment,	496,891	494,869		434,250	38,035		472,285	22,324	19,541	2,282	3,043			24,606	22,584
	40,541,891	38,720,160		28,253,561	8,719,400		36,972,961	1,354,202	875,259	2,214,728	871,940			3,568,930	1,747,199
	168,708	168,347		142,764	17,740		160,504	6,430	6,424	1,774	1,419			8,204	7,843
	$50,820,409	$48,929,633	$1,865,117	$34,003,493	$9,314,260	$1,538,863	$46,721,673	$1,465,943	$974,888	$2,294,256	$933,006	$338,537	$300,066	$4,098,736	$2,207,960
	$108,906	$108,906	$108,906				$108,906								
	2,757	2,757	2,757				2,757								
	284,045	278,225				$232,824	232,824					$51,221	$45,401	$51,221	$45,401
	81,595	79,923				66,881	66,881					14,714	13,042	14,714	13,042
	132,145	132,145	132,145				132,145								
	104,477	104,477	104,477				104,477								
	367,339	367,339	367,339				367,339								
	11,201	11,201	11,201				11,201								
ment	173,529	171,932		$91,882	$68,392		160,274	$5,048	$4,135	$8,207	$7,523			13,255	11,658
	$1,265,994	$1,256,905	$726,825	$91,882	$68,392	$299,705	$1,186,804	$5,048	$4,135	$8,207	$7,523	$65,935	$58,443	$79,190	$70,101
	$79,996,890	$78,195,365					$74,901,813							$5,095,077	$3,293,552

[fol. 4718]

[fol. 4719]

3166D

Comparison of Direct Overheads After Accrued Depreciation

Ohio Fuel Gas Company

Comparison of Direct Overheads, by Accounts, on Material, Labor and Structures on Unadjusted Reproduction Cost After Depreciation Between Ford, Bacon & Davis and J. Paul B

Acct. No.	Title	Total property including direct overheads		Property on which no direct overhead is allowed	Property exclusive of direct overheads				Direct overhe				
									Material		Labor		
		F. B. & D.	J. P. B.		Material	Labor	Structures	Total	F. B. & D.	J. P. B.	F. B. & D.	J. P. B.	F. B.
	Production system:												
204	Land	$20,514	$20,514	$20,514				$20,514					
206	Rights of way	115,508	115,508	115,508				115,508					
208	Gas well structures	274,706	278,746		$269,320			269,320	$5,386	$9,426			
210	Other production system structures	139,400	136,543				$114,262	114,262					
211	Gas well construction	11,353,662	11,576,283			$11,131,041		11,131,041					$2
212	Gas well equipment	7,772,140	7,734,593		7,509,314			7,509,314	262,826	225,279	$222,621	$445,242	
213	Field line construction	658,304	577,459			524,963		524,963			133,341	52,496	
214	Field line equipment	1,531,625	1,504,576		1,458,283			1,458,283	73,342	46,293			
216	Drilling & cleaning equipment	381,781	376,379		360,171			360,171	21,610	16,208			
217	Other production system equipment	4,791	4,723		3,583	828	84	4,495	161	125	116	87	
	Total	22,252,431	22,325,324	136,622	9,600,671	11,656,832	$114,346	21,507,871	363,325	297,331	356,078	497,825	2
	Incomplete construction	234,295	234,295	234,295				234,295					
	Total production system	$22,486,726	$22,559,619	$370,317	$9,600,671	$11,656,832	114,346	$21,742,166	$363,325	$297,331	$356,078	$497,825	$2
	Transmission system:												
218	Land	$67,818	$67,818	$67,818				$67,818					
220	Rights of way	1,797,299	1,797,299	1,797,299				1,797,299					
221	Compressing station structures	919,007	900,174				$753,284	753,284					
222	Transmission system measuring station structures	103,703	101,577				85,002	85,002					$1
223	Other transmission sys-structures	189,999	186,106				155,737	155,737					1
224	Compressing station equipment	5,300,007	5,268,959		$4,355,970	$453,948	292,340	5,102,258	$69,882	$62,030	$63,553	$47,665	3
225	Transmission system measuring station equipment	447,203	445,384		390,826	34,232		425,058	20,091	17,587	2,054	2,739	
226	Transmission line equipment	33,447,060	31,944,133		23,309,187	7,193,506		30,502,693	1,117,217	722,089	1,827,150	719,351	
227	Other transmission system property	143,627	143,320		121,543	15,100		136,643	5,474	5,469	1,510	1,208	
	Total transmission system	$42,415,723	$40,854,770	$1,865,117	$28,177,526	$7,696,786	$1,286,363	$39,025,792	$1,212,664	$807,175	$1,894,267	$770,963	$28
[fol. 4720]													
	General property:												
244	General office land	$108,906	$108,906	$108,906				$108,906					
245	Other general land	2,757	2,757	2,757				2,757					
247	General office structures	275,524	269,878				$225,839	225,839					
248	Other general structures	64,981	63,649				53,263	53,263					$4
249	General office equipment	116,101	116,101	116,101				116,101					1
251	General shop equipment												
256	General tools and implements	83,335	83,335	83,335				83,335					
253	General garage equipment	301,537	301,537	301,537				301,537					
254	General laboratory equipment	7,891	7,891	7,891				7,891					
255	General telephone & telegraph equipment	128,312	127,130		$67,944	$50,567		118,511	$3,733	$3,057	$6,068	$5,562	
	Total general property	$1,089,344	$1,081,184	$620,527	$67,944	$50,567	$279,102	$1,018,140	$3,733	$3,057	$6,068	$5,562	$6
	Grand total	$65,991,793	$64,495,573					$61,786,098					

Comparison of Direct Overheads After Accrued Depreciation

Ohio Fuel Gas Company

Comparison of Direct Overheads, by Accounts, on Material, Labor and Structures on Unadjusted Reproduction Cost After Depreciation Between Ford, Bacon & Davis and J. Paul Blundon

	Total property including direct overheads		Property exclusive of direct overheads					Direct overheads							
								Material		Labor		Structures		Total	
	F. B. & D.	J. P. B.	Property on which no direct overhead is allowed	Material	Labor	Structures	Total	F. B. & D.	J. P. B.	F. B. & D.	J. P. B.	F. B. & D.	J. P. B.	F. B. & D.	J. P. B.
	$20,514	$20,514	$20,514				$20,514								
	115,508	115,508	115,508				115,508								
	274,706	278,746		$269,320			269,320	$5,386	$9,426					$5,386	$9,426
	139,400	136,543				$114,262	114,262							25,138	22,281
	11,353,662	11,576,283			$11,131,041		11,131,041					$25,138	$22,281	222,621	445,242
	7,772,140	7,734,593		7,509,314			7,509,314	262,826	225,279	$222,621	$445,242			262,826	225,279
	658,304	577,459			524,963		524,963							133,341	52,496
	1,531,625	1,504,576		1,458,283			1,458,283	73,342	46,293	133,341	52,496			73,342	46,293
	381,781	376,379		360,171			360,171	21,610	16,208					21,610	16,208
	4,791	4,723		3,583	828	84	4,495	161	125	116	87	19	16	296	228
	22,252,431	22,325,324	136,622	9,600,671	11,656,832	$114,346	21,507,871	363,325	297,331	356,078	497,825	25,157	22,297	744,560	817,453
	234,295	234,295	234,295				234,295								
	$22,486,726	$22,559,619	$370,317	$9,600,671	$11,656,832	114,346	$21,742,166	$363,325	$297,331	$356,078	$497,825	$25,157	$22,297	$744,560	$817,453
	$67,818	$67,818	$67,818				$67,818								
	1,797,299	1,797,299	1,797,299				1,797,299								
	919,007	900,174				$753,284	753,284								
structures	103,703	101,577				85,002	85,002					$165,723	$146,890	$165,723	$146,890
	189,999	186,106				155,737	155,737					18,701	16,575	18,701	16,575
	5,300,007	5,268,959		$4,355,970	$453,948	292,340	5,102,258					34,262	30,369	34,262	30,369
equipment	447,203	445,384		390,826	34,232		425,058	$69,882	$62,030	$63,553	$47,665	64,314	57,006	197,749	166,701
	33,447,060	31,944,133		23,309,187	7,193,506		30,502,693	20,091	17,587	2,054	2,739			22,145	20,326
	143,627	143,320		121,543	15,100		136,643	1,117,217	722,089	1,827,150	719,351			2,944,367	1,441,440
	$42,415,723	$40,854,770	$1,865,117	$28,177,526	$7,696,786	$1,286,363	$39,025,792	5,474	5,469	1,510	1,208			6,984	6,677
								$1,212,664	$807,175	$1,894,267	$770,963	$283,000	$250,840	$3,389,931	$1,828,978
	$108,606	$108,606	$108,906				$108,906								
	2,757	2,757	2,757				2,757								
	275,524	269,878				$225,839	225,839								
	64,981	63,649				53,263	53,263					$49,685	$44,039	$49,685	$44,039
	116,101	116,101	116,101				116,101					11,718	10,386	11,718	10,386
	83,335	83,335	83,335				83,335								
	301,537	301,537	301,537				301,537								
	7,891	7,891	7,891				7,891								
nt	128,312	127,130		$67,944	$50,567		118,511	$3,733	$3,057	$6,068	$5,562				
	$1,089,344	$1,081,184	$620,527	$67,944	$50,567	$279,102	$1,018,140	$3,733	$3,057	$6,068	$5,562			9,801	8,619
	$65,991,793	$64,495,573					$61,786,098					$61,403	$54,425	$71,204	$63,044
														$4,205,695	$2,709,475
														2,709,475	
														$1,496,220	

[fol. 4721]

CITY EXHIBIT #88

Pp. 1 to 7, incl.

Report Ohio Fuel Gas Company, City Gate Rate Prepared for City of Columbus

J. Paul Blundon, Consulting Engineer, Charleston, West Virginia, Keyser, West Virginia.

[fol. 4722]

Allocation of United Fuel Gas Company Property

[fol. 4723]

Ohio Fuel Gas Company

Fair Price for Gas Delivered by United Fuel Gas Company to Ohio Fuel Gas Company, Ravenswood, W. Va.

Page 2, City Exhibit No. 88

West Virginia Commission's Findings on Value

Class	Commissioner Mahood			Commissioner Nethkin			Protestants Basis		
	Value	Allocation factor	Allocated value	Value	Allocation factor	Allocated value	Value	Allocation factor	Allocated value
Production	$14,428,828	21.6926	$3,129,988	$12,989,303	21.6926	$2,817,718	$10,896.679	21.6926	$2,363,773
Transmission	15,861,487	15.8915	2,520,628	11,879,520	15.8915	1,887,834	11,015,574	15.8915	1,750,540
Distribution	2,977,141	.....	.....	2,268,225	.....	.....	.....	.....	.....
General	802,754	16.9854	136,351	718,034	17.3340	124,464	818,732	18.7763	153,728
Leaseholds	7,914,037	21.6926	1,716,760	7,914,037	21.6926	1,716,760	7,126,421	21.6926	1,545,906
Going value	.....	.....	.....	.....	.....	.....	.....	.....	.....
Working capital	.....	.....	309,000	.....	.....	309,000	.....	.....	309,000
Rate base			$7,812,727			$6,855,776			$6,122,947
Operating expenses:									
Gas purchased	1,777,337	21.6926	385,551	1,777,337	21.6926	385,551	1,777,337	21.6926	385,551
Leasehold expense	1,068,742	21.6926	231,838	1,068,742	21.6926	231,838	1,068,742	21.6926	231,838
Other production expense	956,325	21.6926	207,452	956,325	21.6926	207,452	956,325	21.6926	207,452
Transmission expense	738,898	15.8915	117,422	738,898	15.8915	117,422	738,898	15.8915	117,422
State and local taxes	921,556	18.5589	171,031	921,556	17.3340	159,743	921,556	18.7763	173,034
Gas used by company	(51,887)	21.6926	(11,256)	(51,887)	21.6926	(11,256)	(51,887)	21.6926	(11,256)

CITY EXHIBIT #88—Continued

Pp. 1 to 7, incl.

Report Ohio Fuel Gas Company, City Gate Rate Prepared for City of Columbus

J. Paul Blundon, Consulting Engineer, Charleston, West Virginia, Keyser, West Virginia.

Ohio Fuel Gas Company

Fair Price for Gas Delivered by United Fuel Gas Company to Ohio Fuel Gas Company, Ravenswood, W. Va.

Page 2, City Exhibit No. 88

West Virginia Commission's Findings on Value

Class	Commissioner Mahood			Commissioner Nethkin			Protestants Basis		
	Value	Allocation factor	Allocated value	Value	Allocation factor	Allocated value	Value	Allocation factor	Allocated value
Federal income tax	126,580	18.5589	23,492	126,580	17.3340	21,941	126,580	18.7763	23,767
General expense	604,886	20.3254	122,945	604,886	20.0936	121,543	779,497	20.3665	158,756
Engineering, etc	.....	.....	.....	.....	.....	.....	(215,756)	20.3665	(44,146)
Total			$1,248,475			$1,234,234			$1,242,418
Less gasoline earnings			122,052			122,052			122,052
Net operating expense			$1,126,423			$1,112,182			$1,120,366
Operating expense			1,126,423			1,112,182			1,120,366
Amortization & depreciation 5.27%			392,503			361,299			254,023
Return 7%			546,891			479,904			428,606
Cost of service—11,458,860 M			$2,065,817			$1,953,385			$1,802,995
Cost per M based on 7% return			18.0281 cents			17.0469 cents			15.7345 cts.

( ) Denotes red figures.

[fol. 4724] Allocation of Ohio Fuel Gas Company Property

[fol. 4725] Ohio Fuel Gas Company

Determination of Maximum City Gate Rate for Natural Gas at Columbus, Ohio, Using Company's Reproduction Cost and Operating Expenses, Adjusted and Allocated to the Service of Columbus, Based on a Net Return of 6, 6½ and 7 Percent

Acct. No.	Classification	Reproduction new	Less adjustments	Percent condition	Value depreciated	Allocation factor	Allocated to Columbus
	Production system property:						
204	Land	$20,514	$20,514	100.	$20,514	16.8150	$3,449
206	Rights of way	115,508	115,508	100.	115,508	16.8150	19,423
208	Gas well structures	343,382	348,432	80.	278,746	16.8150	46,871
210	Other production system structures	162,136	158,813	86.	136,543	16.8150	22,960
211	Gas well construction	14,192,077	14,470,353	41.8874	6,061,255	16.8150	1,019,200
212	Gas well equipment	9,715,175	9,562,458	41.8874	4,005,465	16.8150	673,519
213	Field line construction	774,475	679,364	85.	577,459	16.8150	97,100
214	Field line equipment	1,801,912	1,608,242	85.	1,367,006	16.8150	229,862
216	Drilling and cleaning equipment	545,401	537,683	70.	376,379	16.8150	63,288
217	Other production system equipment	5,612	5,534	85.4	4,723	16.8150	794
	Total	$27,676,192	$27,506,901		$12,943,598	.....	$2,176,466
	Incomplete construction	234,295	.....		.....	.....	.....
	General overheads	5,442,032	3,848,094		1,954,865	16.8150	328,711
	Total production system property.	$33,352,519	$31,354,995		$14,898,463	.....	$2,505,177
	Transmission system:						
218	Land	67,818	67,818	100.	67,818	10.2782	6,970
220	Rights of Way	1,797,299	1,797,299	100.	1,797,299	10.2782	184,730
221	Compressing station structures	1,089,999	1,054,427	84.3	891,571	10.2782	91,637
222	Transmission system measuring station structures	129,629	126,972	80.	101,577	10.2782	10,440
223	Other transmission system structures	234,167	229,368	81.1	186,106	10.2782	19,128
224	Compressing station equipment	6,294,007	6,257,137	84.2	5,268,959	10.2782	541,554
225	Transmission system measuring station equipment	496,891	494,869	90.0	445,384	10.2782	45,777
226	Transmission line equipment	40,541,891	37,463,396	82.5	30,907,303	10.2782	3,176,714
227	Other transmission system property	168,708	168,347	85.1	143,320	10.2782	14,731
	Total	$50,820,409	$47,659,633		$39,809,337		$4,091,681
	General overheads	11,177,099	6,662,854		5,642,315		579,928
	Total transmission system property	$61,997,508	$54,322,487		$45,451,652		$4,671,609

[fol. 4726]

Ohio Fuel Gas Company

Determination of Maximum City Gate Rate for Natural Gas at Columbus, Ohio, Using Company's Reproduction Cost and Operating Expenses, Adjusted and Allocated to the Service of Columbus, Based on a Net Return of 6, 6½ and 7 Percent

Acct. No.		Reproduction new	Less adjustments	Percent condition	Value depreciated	Allocation factor	Allocated to Columbus
	General property:						
244	General office land	$108,906	$108,906	100.0	$108,906	11.8919	$12,951
245	Other general land	2,757	2,757	100.0	2,757	11.8919	328
247	General office structures	284,045	278,225	97.0	269,878	11.8919	32,094
248	Other general structures	81,595	79,923	79.6	63,649	11.8919	7,569
249	General office equipment	132,145	132,145	87.9	116,101	11.8919	13,807
251	General shop equipment	104,477	104,477	79.8	83,335	11.8919	9,910
256	General tools and implements						
253	General garage equipment	367,339	367,339	82.1	301,537	11.8919	35,858
254	General laboratory equipment	11,201	11,201	70.4	7,891	11.8919	938
255	General telephone and telegraph equipment	173,529	171,932	73.9	127,130	11.8919	15,118
	Total	$1,265,994	$1,256,905		$1,081,184		$128,573
	General overheads	226,762	160,334		137,490		16,350
	Total general property	$1,492,756	$1,417,239		$1,218,674		$144,923
	Total physical property including overheads	$96,842,783	$87,094,721		$61,568,789		$7,321,709
	Working capital including material and supplies	3,700,000	.....		.....		200,000
	Going concern value	12,000,000	.....		.....		.....
	Leaseholds	.....	.....		1,569,480	16.8150	263,908
	Rate base	.....	.....		.....		$7,785,617

[fol. 4727]

Ohio Fuel Gas Company

Determination of Maximum City Gate Rate for Natural Gas at Columbus, Ohio, Using Company's Reproduction Cost and Operating Expenses, Adjusted and Allocated to the Service of Columbus, Based on a Net Return of 6, 6½ and 7 Percent

Allocation of Operating Expenses 1929

Class	Total	Adjustment	Adjusted Total	Allocation factor	Allocated to Columbus
Production	$9,158,798	$1,380,484	$7,778,314	16.8150	$1,307,923
Transmission	2,169,414	.....	2,169,414	10.2782	222,977
Distribution	2,485,713	.....	2,485,713	.....	.....
General	(1,089,774)	.....	(1,089,774)	12.3128	(134,182)
Total operating expense (exclusive of depreciation, return and taxes)					$1,396,718
Depreciation 3.6% of rate base					280,282
Return 6% of rate base					467,137
Total cost of service exclusive of taxes					$2,144,137
Cost of service per m. c. f. exclusive of taxes (9,279,605M)					23.1059 Cents (fair city gate rate Columbus, O.)
Cost of service based on 6½% return					23.5254 Cents
Cost of service based on 7% return					23.9449 Cents

Note:—( ) Denotes red figures.

[fol. 4728] Ohio Fuel Gas Company

Determination of Maximum City Gate Rate for Natural Gas at Columbus, Using Company's Reproduction Cost and Operating Expenses Adjusted and Allocated to the Service of Columbus, Based on a Net Return of 6, 6½ and 7 Percent Including Taxes

Operating expense	$1,396,718
Depreciation	280,282
Real and personal property tax	125,184
Miscellaneous tax—Auto licenses	1,115
Total cost of service before adding taxes on gross revenue and income	$1,803,299

	Rate of return		
	6%	6½%	7%
Total cost of service exclusive of taxes on gross revenue & income	$1,803,299	$1,803,299	$1,803,299
Return on rate base	467,137	506,065	544,993
Federal income tax—12%	63,700	69,009	74,317
Excise tax—1.35% of gross revenue	31,959	32,564	33,170
P. U. C. maintenance tax—.05126025% of gross revenue	1,213	1,236	1,259
Total gross revenue	$2,367,308	$2,412,173	$2,457,038
Maximum city gate rate for Columbus per m. c. f. (9,279,605 m. c. f.)	25.5109¢	25.9943¢	26.4778¢

[fol. 4729] City #113

The Ohio Fuel Gas Company

Monthly Deliveries of Natural Gas to the Northwestern Ohio Natural Gas Company During Years 1929 and 1930

Month		M. C. F.
1929	January	463,511
	February	362,469
	March	203,930
	April	277,282
	May	192,114
	June	82,478
	July	1,708
	August	21,369
	September	19,055
	October	49,417
	November	237,845
	December	322,851
	Total	2,234,029
1930	January	366,064
	February	199,039
	March	258,967
	April	247,987
	May	116,151
	June	61,795
	July	22,620
	August	48,536
	September	101,129
	October	230,963
	November	210,450
	December	265,354
	Total	2,129,055

[fol. 4730] CITY EX. 115, PP. 1 TO 25, INC.

Report, Ohio Fuel Gas Company, Miscellaneous Studies, City Gate Rate, Columbus, Ohio

Prepared for City of Columbus

J. Paul Blundon, Consulting Engineer, Charleston, West Virginia
Keyser, West Virginia

[fol. 4731] Seyffert's Suggested Corrections

[fol. 4732] Ohio Fuel Gas Company

Expenses as of December 31, 1929

Revision of Operating Expenses in Accordance with Seyffert's Suggestions

	Allensworth's Exhibit #70	Seyffert's suggestions (Cr.)	Expenses used
Purchased gas	$7,160,203.21	$38,422.61	$7,121,780.60
Expense of attending gas purchased	89,877.69	130.50	89,747.19
Total purchased gas	$7,250,080.90	$38,553.11	$7,211,527.79
Production expense	1,908,717.08	1,340.10	1,907,376.98
Total purchased and produced expense	$9,158,797.98	$39,893.21	$9,118,904.77
Transmission expense	2,169,414.45	767,746.13	1,401,668.32
Distribution expense	2,485,712.82	256,865.90	2,228,846.92
General expense:			
Gas used in operation	(1,158,210.13)	(1,026,082.63)	(132,127.50)
Joint operating expenses transferred (differential)	(668,712.00)	(9,274.05)	(659,437.95)
Other general expenses	737,147.82	.....	737,147.82
Total general expense	(1,089,774.31)	(1,035,356.68)	(54,417.63)
Total operating expense	$12,724,150.94	$29,148.56	$12,695,002.38

Note: ( ) Denotes red figures.

[fol. 4733] The Ohio Fuel Gas Company

Operating Expenses—Calendar Year 1929

Revision of Blundon's City Exhibit #115 Page 2 in Accordance with Allensworth's Testimony Record Page 5922

	Allensworth's Exhibit #70	Seyffert's suggestions (credit)	Expenses used
Purchased gas	$7,160,203.21	$58,772.50	$7,101,430.71
Expense of attending gas purchased	89,877.69	130.50	89,747.19
Total purchased gas	7,250,080.90	58,903.00	7,191,177.90
Production expense	1,908,717.08	1,340.10	1,907,376.98
Total purchased and produced expense	9,158,797.98	60,243.10	9,098,554.88
Transmission expense	2,169,414.45	767,746.13	1,401,668.32
Distribution expense	2,485,712.82	256,865.90	2,228,846.92
General expense:			
Gas used in operation	(1,158,210.13)	(1,026,082.63)	(132,127.50)

Operating Expenses—Calendar Year 1929—Continued

	Exhibit #70 Allensworth's	Seyffert's (credit) suggestions	used Expenses
Joint operating expense transferred (differential)	(668,712.00)	.....	(668,712.00)
Other general expenses	737,147.82	.....	737,147.82
Total general expense	(1,089,774.31)	(1,026,082.63)	(63,691.68)
Total operating expense	$12,724,150.94	$58,772.50	$12,665,378.44

[fol. 4734] Representative City Gate Rates

[fol. 4735] Summary of Representative City Gate Rates

(Page 4, City Exhibit 115)

City gate	Rate of return 6%	6½%	7%
Springfield	0.344888	.352828	.360768
Springfield (West End)	0.243054	.247170	.251281
Springfield (Selma)	0.357184	.365586	.373989
Composite for Springfield (Our figures)	0.315042	.321528	.328679
Muncie, Indiana	0.415270	.425856	.436441
Pomeroy	0.205813	.208522	.211231
Chillicothe	0.249465	.253815	.258170
Columbus	0.263526	.268399	.273271
Zanesville	0.238537	.242479	.246421
Bay Village	0.189110	.191163	.193292
Rowsburg	0.262618	.267180	.272027
Sandusky	0.310295	.316936	.323576
Toledo	0.637190	.656117	.675046
Toledo (with Columbus load factor)	0.437294	.448708	.460122

[fol. 4736] Ohio Fuel Gas Company

Fair City Gate Rate, Based on Reproduction Cost Adjusted by Blundon, Operating Expenses by Allensworth Using Seyfferts Suggested Corrections. Return 6, 6½ and 7 Percent

Springfield, Ohio

Class	Depreciated	Allocation factor	Value allocated
Production	$14,898,463	3.1558	$470,166
Transmission	45,451,652	3.8169	1,734,844
General	1,218,674	3.6537	44,527
Leaseholds	1,569,480	3.1558	49,530
Working capital	.....	.....	49,750
Rate base	.....	.....	$2,348,817

Allocation of Operating Expenses

Production	$7,738,421	3.1558	$244,209
Transmission	1,401,668	3.8169	53,500
Distribution	2,228,847	.....	.....
General	(54,418)	2.6186	(1,425)
Total operating revenue			$296,284
Depreciation 3.6%			84,557
Real and personal property tax			38,462
Miscellaneous tax—auto licenses			237
Total cost of service before adding Taxes on gross revenue and income, and return			$419,540

	Rate of return		
	6%	6½%	7%
Total cost of service exclusive of taxes on gross revenue, etc	$419,540	$419,540	$419,540
Return on rate base	140,929	152,673	164,417
Federal income tax	19,218	20,819	22,421
Excise tax—1.35% of gross revenue	7,937	8,120	8,303
P. U. C. maintenance tax — .05126025% of gross revenue	301	308	315
Total gross revenue	$587,925	$601,460	$614,996
Maximum city gate rate for Springfield per m. c. f. (1,704,685M)	34.4888¢	35.2828¢	36.0768¢

Note: ( ) Denotes red figures.

[fol. 4737] Ohio Fuel Gas Company

Fair City Gate Rate, Based on Reproduction Cost Adjusted by Blundon, Operating Expenses by Allensworth Using Seyfferts Suggested Corrections. Return 6, 6½ and 7 Percent

Springfield, Ohio

West End M. S.

Class	Depreciated	Allocation factor	Value allocated
Production	$14,898,463	.3400	$50,655
Transmission	45,451,652	.1494	67,905
General	1,218,674	.1965	2,395
Leaseholds	1,569,480	.3400	5,336
Working capital			4,750
Rate base			$131,041
Allocation of Operating Expenses			
Production	$7,738,421	.3400	$26,311
Transmission	1,401,668	.1494	2,094
Distribution	2,228,847		
General	(54,418)	.2498	(136)
Total operating revenue			$28,269
Depreciation 3.6%			4,717
Real and personal property tax			2,069
Miscellaneous tax—auto licenses			23
Total cost of service before adding taxes on gross revenue and income, and return			$35,078

	Rate of return		
	6%	6½%	7%
Total cost of service exclusive of taxes on gross revenue, etc	$35,078	$35,078	$35,078
Return on rate base	7,862	8,518	9,173
Federal income tax	1,072	1,162	1,251
Excise tax—1.35% of gross revenue	603	613	623
P. U. C. maintenance tax — .05126025% of gross revenue	23	23	24
Total gross revenue	$44,638	$45,394	$46,149
Maximum city gate rate for Springfield, West End M. S. per m. c. f. (183,655M)	24.3054¢	24.7170¢	25.1281¢

Note: ( ) Denotes red figures.

[fol. 4738] Ohio Fuel Gas Company

Fair City Gate Rate, Based on Reproduction Cost Adjusted by Blundon, Operating Expenses by Allensworth Using Seyferts Suggested Corrections. Return 6, 6½ and 7 Percent

Springfield, Ohio
Selma, M. S.

Class	Depreciated	Allocation factor	Value allocated
Production	$14,898,463	2.8158	$419,511
Transmission	45,451,652	3.6675	1,666,939
General	1,218,674	3.4572	42,132
Leaseholds	1,569,480	2.8158	44,193
Working capital	.....	.....	45,000
Rate base	.....	.....	$2,217,775
Allocation of Operating Expenses			
Production	$7,738,421	2.8158	$217,898
Transmission	1,401,668	3.6675	51,406
Distribution	2,228,847	.....	.....
General	(54,418)	2.3688	(1,289)
Total operating revenue			$268,015
Depreciation 3.6%			79,840
Real and personal property tax			36,393
Miscellaneous tax—auto licenses			215
Total cost of service before adding taxes on gross revenue and income, and return			$384,463

	Rate of return		
	6%	6½%	7%
Total cost of service exclusive of taxes on gross revenue, etc	$384,463	$384,463	$384,463
Return on rate base	133,067	144,155	155,244
Federal income tax	18,146	19,658	21,170
Excise tax—1.35% of gross revenue	7,334	7,507	7,679
P. U. C. maintenance tax — .05126025% of gross revenue	278	285	292
Total gross revenue	$543,288	$556,068	$568,848
Maximum city gate rate for Springfield, Selma M. S. per m. c. f. (1,521,030 M)	35.7184¢	36.5586¢	37.3989¢

Note: ( ) Denotes red figures.

[fol. 4739] Ohio Fuel Gas Company

Fair City Gate Rate, Based on Reproduction Cost Adjusted by Blundon, Operating Expenses by Allensworth Using Seyferts Suggested Corrections. Return 6, 6½ and 7 Percent

Muncie, Indiana

Class	Depreciated	Allocation factor	Value allocated
Production	$14,898,463	1.6729	$249,236
Transmission	45,451,652	2.9135	1,324,234
General	1,218,674	2.6072	31,773
Leaseholds	1,569,480	1.6729	26,256
Working capital	.....	.....	28,500
Rate base	.....	.....	$1,659,999

Allocation of Operating Expenses

Production	$7,738,421	1.6729	$129,456
Transmission	1,401,668	2.9135	40,838
Distribution	2,228,847	.....	.....
General	(54,418)	1.4979	(815)
Total operating revenue			$169,479
Depreciation 3.6%			59,760
Real and personal property tax			27,445
Miscellaneous tax—auto licenses			136
Total cost of service before adding taxes on gross revenue and income, and return			$256,820

	Rate of return		
	6%	6½%	7%
Total cost of service exclusive of taxes on gross revenue, etc	$256,820	$256,820	$256,820
Return on rate base	99,600	107,900	116,200
Federal income tax	13,582	14,714	15,845
Excise tax—1.35% of gross revenue	5,066	5,195	5,324
P. U. C. Maintenance Tax—.05126025% of gross revenue	192	197	202
Total gross revenue	$375,260	$384,826	$394,391
Maximum city gate rate for Muncie per M. C. F. (903,652.3 M)	41.5270¢	42.5856¢	43.6441¢

NOTE: ( ) denotes red figures.

[fol. 4740] Ohio Fuel Gas Company

Fair City Gate Rate, Based on Reproduction Cost Adjusted by Blundon, Operating Expenses by Allensworth Using Seyferts Suggested Corrections. Return 6, 6½ and 7 Per Cent

Pomeroy, Ohio

Class	Depreciated	Allocation factor	Value allocated
Production	$14,898,463	.1688	$25,149
Transmission	45,451,652	.0267	12,136
General	1,218,674	.0618	753
Leaseholds	1,569,480	.1688	2,649
Working capital	.....	.....	2,200
Rate base	.....	.....	$42,887

Allocation of Operating Expenses

Production	$7,738,421	.1688	$13,062
Transmission	1,401,668	.0267	374
Distribution	2,228,847	.....	.....
General	(54,418)	.1182	(64)
Total operating revenue			$13,372
Depreciation 3.6%			1,544
Real and personal property tax			651
Miscellaneous tax—auto licenses			11
Total cost of service before adding taxes on gross revenue and income, and return			$15,578

	Rate of return		
	6%	6½%	7%
Total cost of service exclusive of taxes on gross revenue, etc	$15,578	$15,578	$15,578
Return on rate base	2,573	2,788	3,002
Federal income tax	351	380	409
Excise tax—1.35% of gross revenue	253	256	260
P. U. C. Maintenance Tax—.05126025% of gross revenue	10	10	10
Total gross revenue	$18,765	$19,012	$19,259
Maximum city gate rate for Pomeroy per M. C. F. (91,174.9 M)	20.5813¢	20.8522¢	21.1231¢

NOTE: ( ) denotes red figures.

[fol. 4741] Ohio Fuel Gas Company

Fair City Gate Rate, Based on Reproduction Cost Adjusted by Blundon, Operating Expenses by Allensworth Using Seyfert's Suggested Corrections. Return 6, 6½ and 7 Per Cent

Chillicothe, Ohio

Class	Depreciated	Allocation factor	Value allocated
Production	$14,898,463	.9124	$135,934
Transmission	45,451,652	.4450	202,260
General	1,218,674	.5604	6,829
Leaseholds	1,569,480	.9124	14,320
Working capital	.....	.....	13,000
Rate base			$372,343
Allocation of Operating Expenses			
Production	$7,738,421	.9124	$70,605
Transmission	1,401,668	.4450	6,237
Distribution	2,228,847	.....	.....
General	(54,418)	.6759	(36 8)
Total operating revenue			$76,474
Depreciation 3.6%			13,404
Real and personal property tax			5,899
Miscellaneous tax—auto licenses			61
Total cost of service before adding taxes on gross revenue and income, and return			$95,838

	Rate of return		
	6%	6½%	7%
Total cost of service exclusive of taxes on gross revenue, etc	$95,838	$95,838	$95,838
Return on rate base	22,341	24,202	26,064
Federal income tax	3,047	3,300	3,554
Excise tax—1.35% of gross revenue	1,660	1,689	1,718
P. U. C. Maintenance Tax—.05126025% of gross revenue	63	64	65
Total gross revenue	$122,949	$125,093	$127,239
Maximum city gate rate for Chillicothe per M. C. F. (492,850.5 M)	24.9465¢	25.3815¢	25.8170¢

NOTE: ( ) denotes red figures.

[fol. 4742] Ohio Fuel Gas Company

Fair City Gate Rate, Based on Reproduction Cost Adjusted by Blundon, Operating Expenses by Allensworth Using Seyferts Suggested Corrections. Return 6, 6½ and 7 Percent.

Columbus, Ohio

Class	Depreciated	Allocation factor	Value Allocated
Production	$14,898,463	17.1787	$2,559,362
Transmission	45,451,652	10.2782	4,671,612
General	1,218,674	11.9817	146,018
Leaseholds	1,569,480	17.1787	269,616
Working Capital			200,000
Rate Base			$7,846,608
Allocation of Operating Expenses			
Production	$7,738,421	17.1787	$1,329,360
Transmission	1,401,668	10.2782	144,066
Distribution	2,228,847	.....	.....
General	(54,418)	12.9601	(7,053)
Total Operating Revenue			$1,466,373
Depreciation 3.6%			282,478
Real and Personal Property Tax			126,129
Miscellaneous Tax—Auto Licenses			1,174
Total cost of service before adding taxes on gross revenue and income, and return			$1,876,154

	Rate of return		
	6%	6½%	7%
Total cost of service exclusive of taxes on gross revenue, etc.	$1,876,154	$1,876,154	$1,876,154
Return on rate base	470,796	510,030	549,263
Federal income tax	64,199	69,550	74,900
Excise tax—1.35% of gross revenue	33,013	33,623	34,234
P.U.C. maintenance tax—.05126025% of gross revenue	1,254	1,277	1,300
Total gross revenue	$2,445,416	$2,490,634	$2,535,851
Maximum city gate rate for Columbus per M.C.F. (9,279,605M)	26.3526¢	26.8399¢	27.3271¢

NOTE: ( ) denotes red figures.

[fol. 4743] The Ohio Fuel Gas Company

Fair City Gate Rate for Columbus, Ohio, Based On Reproduction Cost by Blundon, Operating Expenses by Allensworth, Using Seyffert's Suggested Corrections, as Modified by Allensworth's Testimony, Record Page 5922.

Correction of Blundon's City Exhibit #115, Page 11

Allocation of Property

Class	Depreciated	Allocation factor	Amount Alocated
Production	$14,898,463	17.1501%	$2,555,101
Transmission	45,451,652	10.2782	4,671,609
General	1,218,674	11.9746	145,931
Leaseholds	1,569,480	17.1501	269,167
Working Capital			200,000
Rate base			$7,841,808

Allocation of Operating Expense

Purchased and produced expense...	$7,718,071	17.1501%	$1,323,657
Transmission	1,401,668	10.2782	144,066
Distribution	2,228,847	.....	.....
General	(63,692)	12.9331	(8,237)
Total			1,459,486
Depreciation 3.6% of rate base ($7,841,808)			282,305
Real and personal property tax	1,052,680	11.9746	126,054
Miscellaneous tax—(auto licenses)	9,058	12.9331	1,171
Total cost of service before return and before taxes on gross revenue and on income			$1,869,016

Fair City Gate Rate

	Return @6%	Return @6½%	Return @7%
Total cost of service before return and taxes on revenue, etc.	$1,869,016	$1,869,016	$1,869,016
Return on rate base—$7,841,808	470,508	509,718	548,927
Federal income tax	64,160	69,507	74,854
Excise tax (1.35% gross revenue)	32,911	33,521	34,131
P.U.C. maint. tax (.05126025% gross revenue)	1,250	1,273	1,296
Total gross revenue	$2,437,845	$2,483,035	$2,528,224
Maximum city gate rate at Columbus per M.C.F. (9,279,605 m.c.f.)	26.2710¢	26.7580¢	27.2450¢

[fol. 4744] Ohio Fuel Gas Company

Fair City Gate Rate, Based on Reproduction Cost Adjusted by Blundon, Operating Expenses by Allensworth Using Seyferts Suggested Corrections. Return 6, 6½ and 7 Percent

Zanesville, Ohio

Class	Depreciated	Allocation factor	Value Allocated
Production	$14,898,463	2.9060	$432,949
Transmission	45,451,652	1.1785	535,648
General	1,218,674	1.6050	19,560
Leaseholds	1,569,480	2.9060	45,609
Working capital			40,000
Rate base			$1,073,766

Allocation of Operating Expenses

Production	$7,738,421	2.9060	$224,879
Transmission	1,401,668	1.1785	16,519
Distribution	2,228,847	.....	.....
General	(54,418)	2.1233	(1,155)
Total operating revenue			$240,243
Depreciation 3.6%			38,656
Real and personal property tax			16,896
Miscellaneous tax—auto licenses			192
Total cost of service before adding taxes on gross revenue and income, and return			$295,987

	Rate of return		
	6%	6½%	7%
Total cost of service exclusive of taxes on gross revenue etc.	$295,987	$295,987	$295,987
Return on rate base	64,426	69,795	75,164
Federal income tax	8,785	9,518	10,250
Excise tax—1.35% of gross revenue	5,055	5,139	5,222
P.U.C. Maintenance tax—.05126025% of gross revenue	192	195	198
Total gross revenue	$374,445	$380,634	$386,821
Maximum city gate rate for Zanesville per M.C.F. (1,569,758M)	23.8537¢	24.2479¢	24.6421¢

NOTE: ( ) denotes red figures.

[fol. 4745] Ohio Fuel Gas Company

Fair City Gate Rate, Based on Reproduction Cost Adjusted by Blundon, Operating Expenses by Allensworth Using Seyferts Suggested Corrections. Return 6, 6½ and 7 Percent.

Bay Village, Ohio

Class	Depreciated	Allocation factor	Value Allocated
Production	$14,898,463	.0487	$7,256
Transmission	45,451,652	.0015	682
General	1,218,674	.0132	161
Leaseholds	1,569,480	.0487	764
Working capital			650
Rate base			9,513
Allocation of Operating Expenses			
Production	$7,738,421	.0487	$3,769
Transmission	1,401,668	.0015	21
Distribution	2,228,847		
General	(54,418)	.0333	(18)
Total operating revenue			$3,772
Depreciation 3.6%			342
Real and personal property tax			139
Miscellaneous tax—auto licenses			3
Total cost of service before adding taxes on gross revenue and income, and return			$4,256

	Rate of return		
	6%	6½%	7%
Total cost of service exclusive of taxes on gross revenue, etc.	$4,256	$4,256	$4,256
Return on rate base	571	618	666
Federal income tax	78	84	91
Excise tax—1.35% of gross revenue	67	68	69
P.U.C. maintenance tax—.05126025% of gross revenue	3	3	3
Total gross revenue	$4,975	$5,029	$5,085
Maximum city gate rate for Bay Village per M.C.F. (26,307.4M)	18.9110¢	19.1163¢	19.3292¢

NOTE: ( ) denotes red figures.

[fol. 4746] Ohio Fuel Gas Company

Fair City Gate Rate, Based on Reproduction Cost Adjusted by Blundon, Operating Expenses by Allensworth Using Seyferts Suggested Corrections. Return 6, 6½ and 7 Percent

Rowsburg, Ohio

Class	Depreciated	Allocation factor	Value Allocated
Production	$14,898,463	.0065	$968
Transmission	45,451,652	.0038	1,727
General	1,218,674	.0045	55
Leaseholds	1,569,480	.0065	102
Working capital			90
Rate base			$2,942

Allocation of Operating Expenses

Production	$7,738,421	.0065	$503
Transmission	1,401,668	.0038	53
Distribution	2,228,847	.....	.....
General	(54,418)	.0049	(3)
Total operating revenue			$553
Depreciation 3.6%			106
Real and personal property tax			47
Miscellaneous tax—auto licenses			1
Total cost of service before adding taxes on gross revenue and income, and return			$707

	Rate of return		
	6%	6½%	7%
Total cost of service exclusive of taxes on gross revenue, etc.	$707	$707	$707
Return on rate base	177	191	206
Federal income tax	24	26	28
Excise tax—1.35% of gross revenue	13	13	13
P.U.C. maintenance tax—.05126025% of gross revenue	0	0	0
Total gross revenue	$921	$937	$954
Maximum city gate rate for Rowsburg per M.C.F. (3507M)	26.2618¢	26.7180¢	27.2027¢

NOTE: ( ) denotes red figures.

[fol. 4747] Ohio Fuel Gas Company

Fair City Gate Rate, Based on Reproduction Cost Adjusted by Blundon, Operating Expenses by Allensworth Using Seyferts Suggested Corrections. Return 6, 6½ and 7 Percent

Sandusky, Ohio

Class	Depreciated	Allocation factor	Value Allocated
Production	$14,898,463	.8940	$133,192
Transmission	45,451,652	.8476	385,248
General	1,218,674	.8591	10,470
Leaseholds	1,569,480	.8940	14,031
Working capital			13,500
Rate base			$556,441

Allocation of Operating Expenses

Production	$7,738,421	.8940	$69,181
Transmission	1,401,668	.8476	11,881
Distribution	2,228,847	.....	.....
General	(54,418)	.7130	(388)
Total operating revenue			$80,674
Depreciation 3.6%			20,032
Real and personal property tax			9,044
Miscellaneous tax—auto licenses			65
Total cost of service before adding taxes on gross revenue and income, and return			$109,815

	Rate of return		
	6%	6½%	7%
Total cost of service exclusive of taxes on gross revenue, etc.	$109,815	$109,815	$109,815
Return on rate base	33,386	36,169	38,951
Federal income tax	4,553	4,932	5,312
Excise tax—1.35% of gross revenue	2,022	2,066	2,110
P.U.C. maintenance tax—.05126025% of gross revenue	77	79	80
Total gross revenue	$149,854	$153,061	$156,268
Maximum city gate rate for Sandusky per M.C.F. (482,940.2M)	31.0295¢	31.6936¢	32.3576¢

NOTE: ( ) denotes red figures.

[fol. 4748] Ohio Fuel Gas Company

Fair City Gate Rate, Based on Reproduction Cost Adjusted by Blundon, Operating Expenses by Allensworth Using Seyferts Suggested Corrections. Return 6, 6½ and 7 Percent

Toledo, Ohio

Class	Depreciated	Allocation factor	Value Allocated
Production	$14,898,463	4.1226	$614,204
Transmission	45,451,652	14.0981	6,407,819
General	1,218,674	11.6355	141,799
Leaseholds	1,569,480	4.1226	64,703
Working capital			86,000
Rate base			$7,314,525

Allocation of Operating Expenses

Production	$7,738,421	4.1226	$319,024
Transmission	1,401,668	14.0981	197,609
Distribution	2,228,847	.....	.....
General	(54,418)	4.5443	(2,473)
Total operating revenue			$514,160
Depreciation 3.6%			263,323
Real and personal property tax			122,485
Miscellaneous tax—Auto licenses			412
Total cost of service before adding taxes on gross revenue and income, and return			$900,380

	Rate of return		
	6%	6½%	7%
Total cost of service exclusive of taxes on gross revenue, etc.	$900,380	$900,380	$900,380
Return on rate base	438,872	475,444	512,017
Federal income tax	59,846	64,833	69,821
Excise tax—1.35% of gross revenue	19,156	19,725	20,294
P.U.C. maintenance tax—.05126025% of gross revenue	727	749	771
Total gross revenue	$1,418,981	$1,461,131	$1,503,283
Maximum city gate rate for Toledo per M.C.F. (2,226,935 M)	63.7190¢	65.6117¢	67.5046¢

NOTE: ( ) denotes red figures.

[fol. 4749] Ohio Fuel Gas Company

Fair City Gate Rate for Toledo, Ohio, Based on Reproduction Cost Adjusted by Blundon, Operating Expenses by Allensworth Using Seyfert's Suggested Corrections. Return 6, 6½ and 7 Percent. Yearly Consumption Based Upon Columbus, Ohio, Load Factor

Class	Depreciated	Allocation factor	Value Allocated
Production	$14,898,463	7.3892	$1,100,877
Transmission	45,451,652	14.0981	6,407,819
General	1,218,674	12.4419	151,626
Leaseholds	1,569,480	7.3892	115,972
Working capital			130,000
Rate base			$7,906,294
Allocation of Operating Expenses			
Production	$7,738,421	7.3892	$571,807
Transmission	1,401,668	14.0981	197,609
Distribution	2,228,847		
General	(54,418)	6.7677	(3,683)
Total operating revenue			$765,733
Depreciation 3.6%			284,627
Real and personal property tax			130,973
Miscellaneous tax—auto licenses			613
Total cost of service before adding taxes on gross revenue and income, and return			$1,181,946

	Rate of return		
	6%	6½%	7%
Total cost of service exclusive of taxes on gross revenue, etc.	$1,181,946	$1,181,946	$1,181,946
Return on rate base	474,378	513,909	553,441
Federal income tax	64,688	70,079	75,469
Excise tax—1.35% of gross revenue	23,564	24,179	24,794
P.U.C. maintenance tax—.05126025% of gross revenue	895	918	941
Total gross revenue	$1,745,471	$1,791,031	$1,836,591
Maximum city gate rate for Toledo per M.C.F. (3,991,530.5 M)	43.7294¢	44.8708¢	46.0122¢

NOTE ( ) denotes red figures.

[fol. 4750] Columbus Gate Rate Without United Fuel Gas Purchase Adjustment

[fol. 4751] Ohio Fuel Gas Company

City Gate Rate for Columbus, Ohio, Based on Reproduction Cost Adjusted by Blundon, Operating Expenses by Allensworth Using Seyfert's Suggested Corrections, and No Adjustment on United Fuel Gas Purchase Price

Class	Depreciated	Allocation factor	Value Allocated
Production	$14,898,463	17.1787	$2,559,362
Transmission	45,451,652	10.2782	4,671,612
General	1,218,674	11.9817	146,018
Leaseholds	1,569,480	17.1787	269,616
Working capital			200,000
Rate base			$7,846,608
Allocation of Operating Expenses			
Production	$9,118,905	17.1787	$1,566,509
Transmission	1,401,668	10.2782	144,066
Distribution	2,228,847		
General	(54,418)	13.4169	7,301
Total operating revenue			$1,703,274
Depreciation			282,478
Real and personal property tax			126,129
Miscellaneous tax—auto licenses			1,215
Total cost of service before adding taxes on gross revenue and income, and return			$2,113,096

	Rate of return		
	6%	6½%	7%
Total cost of service exclusive of taxes on gross revenue, etc.	$2,113,096	$2,113,096	$2,113,096
Return on rate base	470,796	510,030	549,263
Federal income tax	64,199	69,550	74,900
Excise tax—1.35% of gross revenue	36,257	36,868	37,478
P.U.C. maintenance tax—.05126025% of gross revenue	1,377	1,400	1,423
Total gross revenue	$2,685,725	$2,730,944	$2,776,160
Maximum city gate rate for Columbus per M.C.F. (9,279,605 M)	28.9422¢	29.4295¢	29.9168¢

NOTE: ( ) denotes red figures.

[fol. 4752]

Study of Relationship of Average to Maximum Demand

[fol. 4753]

Study of Relationship of Average to Maximum Demands

United Fuel Gas Company, 1928

Consumer	Maximum month	Maximum month amount	Maximum week amount	Maximum day amount	Percent maximum day of maximum week	
Wholesale						
Columbia Gas & Electric Co	February	706,296	220,043	49,684	22.57	
Central Kentucky Natural	February	93,937	26,564	6,084	22.90	
Grosscup & Co	May	27,337	8,062	1,406	17.43	
Hope Natural Gas Co	December	976,941	227,089	33,006	14.55	
Kentucky-West Virginia Gas Co	April	19,931	6,412	4,754	74.14	
Louisville Gas & Electric Co	January	104,751	28,058	5,136	18.30	
Manufacturers Light & Heat Co	November	196,069	50,503	7,532	14.91	
Ohio Fuel Gas Co	November	1,141,854	297,874	45,681	15.33	
Pittsburgh & West Virginia Gas Co	January	1,321,609	318,535	48,436	15.20	
Portsmouth Gas Co	January	342,043	72,121	15,517	21.51	
Hope Natural Gas Co. (Exchange)	December	373,343	93,372	14,396	15.41	
Pittsburgh & W. Va. Gas Co. (Exchange)	January	782,971	192,796	31,600	16.39	
					Average 22.39	
					Average 17.68	Exclusive of Ky.-W. Va. Gas
Domestic						
Ironton—Coal Grove	January	92,716	26,114	4,504	17.24	
Ashland—Cattsburg	January	213,768	57,847	10,089	17.44	
Huntington—Kenova	January	359,859	104,652	22,103	21.05	
Williamson	January	60,272	19,570	3,180	16.24	
Charleston	December	750,284	203,533	37,345	18.34	
Spencer	December	26,413	7,185	1,227	17.07	
					Average 17.89	

[fol. 4754]

Study of Relationship of Average to Maximum Demands

Ohio Fuel Gas Company, 1929

Consumer	Maximum month	Month amount	Week amount	Maximum day amount	Percent maximum day of maximum week
Germantown and Miamisburg	January	19,999,894	5,201,576	845,562	16.26
City of Lancaster	"	76,620,236	20,429,794	3,594,513	17.59
City of Delaware	"	29,043,771	7,576,797	1,232,851	16.27
Washington Court House	"	18,512,056	4,731,010	795,912	16.82
Point Pleasant	"	14,926,696	3,775,729	630,010	16.69
City of Kenton	"	7,334,159	1,932,858	325,083	16.82
Oberlin	"	10,078,368	2,544,528	415,106	16.31
Springfield, Selma	"	208,004,205	53,453,739	8,421,710	15.76
City of Lima	"	25,051,205	6,313,467	1,097,396	17.38
				Average	16.66

[fol. 4755]

Ohio Fuel Gas Company

Acreage and Consideration for Years 1927, 1928 & 1929, for Transactions Involving No. 1 Acreage

(Page 24 City Exhibit 115)

Grantor	File No.	Date of Conveyance	Form of grant	Consideration	County	Township	Acreage class 1	Acreage class 2	Acreage class 3	Acreage class 4
M. Wittemire	84,073	Mar. 28, 1927	6	$7.50	Ashland	Green	30	...	.....	.....
John K. Cowen	84,120	May 11, 1928	6	1.00	"	"	90	...	.....	.....
W. A. Sharp, et al.	84,187	Feb. 16, 1928	6	1.00	"	Hanover	60	...	.....	.....
C. B. Jones	84,470	Apr. 13, 1928	6	150.00	"	Orange	80	...	.....	.....
Mary V. Sharick, et al.	84,471	Apr. 20, 1928	6	1.00	"	"	40	...	.....	.....
J. E. Gifford	75,055	Apr. 9, 1928	11	16.00	Athens	Ames	110	...	.....	.....
Black Diamond Co.	73,724	Oct. 24, 1927	Special	720.00	"	Bern	2,800	...	.....	.....
Caroline Noyes, et al.	84,883	Nov. 17, 1929	23	13.50	"	Carthage	108	...	.....	.....
Sunday Creek Coal Co.	84,906	Oct. 10, 1927	Special	.....	"	Dover	666	...	.....	.....
"	84,906	Oct. 10, 1927	"	.....	"	"	.....	350	.....	.....
"	84,906	Oct. 10, 1927	"	.....	"	"	.....	...	256	.....
"	84,906	Oct. 10, 1927	"	.....	"	"	.....	...	.....	2,186
"	84,906	Oct. 10, 1927	"	.....	"	Trimble	326	...	.....	.....
"	84,906	Oct. 10, 1927	"	.....	"	"	.....	...	508	.....
"	84,906	Oct. 10, 1927	"	.....	"	"	.....	...	.....	6,040
						York	.....	...	.....	2,920

(Page 24 City Exhibit 115)—Continued

Grantor	File No.	Date of Conveyance	Form of grant	Consideration	County	Township	Acreage class 1	Acreage class 2	Acreage class 3	Acreage class 4
"	84,906	Oct. 10, 1927	"	.....	Hocking	Starr	.....	...	.....	1,255
"	84,906	Oct. 10, 1927	"	.....	"	Ward	.....	...	.....	7,696
"	84,906	Oct. 10, 1927	"	.....	Morgan	Union	.....	...	.....	100
"	84,906	Oct. 10, 1927	"	.....	Perry	Bearfield	.....	...	.....	107
"	84,906	Oct. 10, 1927	"	.....	"	Coal	80	...	.....	.....
"	84,906	Oct. 10, 1927	"	.....	"	"	.....	...	.....	1,249
"	84,906	Oct. 10, 1927	"	.....	"	Monroe	200	...	.....	.....
"	84,906	Oct. 10, 1927	"	.....	"	"	.....	...	239	.....
"	84,906	Oct. 10, 1927	"	.....	"	"	.....	...	.....	1,307
"	84,906	Oct. 10, 1927	"	.....	"	Pike	.....	...	20	.....
"	84,906	Oct. 10, 1927	"	.....	"	Pleasant	.....	...	.....	360
"	84,906	Oct. 10, 1927	"	.....	"	Salt Lick	.....	...	.....	1,847
George M. Jones Co.	77,346	May 1, 1928	25	450.99	Athens	Dover	136	...	.....	.....
"	77,346	May 1, 1928	25	.....	"	"	.....	107	.....	.....
"	77,346	May 1, 1928	25	.....	"	"	.....	...	315	.....
"	77,343	May 1, 1928	25	.....	"	"	.....	...	.....	422
"	77,346	May 1, 1928	25	.....	"	Trimble	.....	...	.....	725
Sugar Creek Coal Co.	78,194	Sept. 19, 1928	Special	6,436.94	"	Dover	207	...	.....	.....
"	78,194	Sept. 19, 1928	"	.....	"	"	.....	...	356	.....
"	78,194	Sept. 19, 1928	"	.....	"	"	.....	...	.....	5,863
State of Ohio	74,904	Dec. 28, 1927	"	165.12	"	Lodi	64	...	.....	.....
"	74,904	Dec. 28, 1927	"	.....	"	"	.....	456	.....	.....
Orland McGirr, et al.	58,091	Apr. 12, 1927	11	74.29	"	"	62	...	.....	.....
Oliver Borden	85,623	May 19, 1927	6	88.00	Coshocton	Monroe	88	...	.....	.....
Grant Shaw, et al.	74,972	Jan. 27, 1928	13	115.11	Fairfield	Rush Creek	127	...	.....	.....
Eugene Owen	74,973	Jan. 27, 1928	19	55.11	"	"	32	...	.....	.....
Grant Shaw, et al.	74,974	Jan. 27, 1928	13	75.11	"	"	80	...	.....	.....
E. S. Owen, Gdn.	74,975	Jan. 27, 1928	19	45.11	"	"	20	...	.....	.....
Harrison Mink	58,193	June 23, 1927	11	10.98	Gallia	Addison	86	...	.....	.....
J. R. McBurney	73,266	Jan. 27, 1927	46	644.75	Guernsey	Adams	168	...	.....	.....
Cambridge Collieries Co.	73,723	Oct. 17, 1927	Special	20.00	"	Valley	229	...	.....	.....
John S. Burris, et al.	57,144	Jan. 7, 1927	14	86.59	"	Westland	170	...	.....	.....
G. F. Swan, et al.	77,512	June 7, 1928	7	3,000.00	"	"	100	Owned in fee—excluded in total.		

[fol. 4756]

Ohio Fuel Gas Company

Acreage and Consideration for Years 1927, 1928 & 1929, for Transactions Involving No. 1 Acreage

(Page 25, City Exhibit 115)

Grantor	File No.	Date of Conveyance	Form of grant	Consideration	County	Township	Acreage class 1	Acreage class 2	Acreage class 3	Acreage class 4
Alexander Nickell	58,122	Mar. 27, 1927	11	$74.30	Jackson	Bloomfield	63	...	.....	.....
R. M. Butner	75,062	Apr. 9, 1928	11	79.06	"	"	50	...	.....	.....
"	75,062	Apr. 9, 1928	15	.....	"	Franklin	.....	...	13	.....
Anslem T. Holcomb	77,351	May 7, 1928	11	21.34	"	Coal	82	...	.....	.....
Larry L. Cherrington	79,155	Dec. 18, 1928	11	820.00	"	Lick	40	...	.....	.....
James A. Greer	77,753	July 12, 1928	11	28.14	Knox	Howard	88	...	.....	.....
J. A. Clarke	78,664	Oct. 25, 1928	11	13.45	Loraine	Carlisle	204	...	.....	.....
Joseph Malik	87,367	Mar. 13, 1928	6	1.00	"	"	153	...	.....	.....
John H. Bartler	73,378	Mar. 29. 1927	11	110.18	"	Columbia	28	...	.....	.....
Frank S. Adams	87,801	May 14, 1928	6	1.00	Medina	Lafayette	92	...	.....	.....
S. M. Reap	58,453	Aug. 4, 1927	11	21.34	Meigs	Sutton	11	...	.....	.....
"	58,454	Aug. 15, 1927	11	21.34	"	"	4	...	.....	.....
Michael Reischman, et al	73,475	June 15, 1927	14	152.64	Monroe	Malaga	76	...	.....	.....
O. H. & A. E. Pierce	73,778	Nov. 17, 1927	11	40.90	Morgan	Malta	108	...	.....	.....
C. E. Arnold	78,758	Nov. 6, 1928	11	1,865.89	Muskingum	Perry	37	...	.....	.....
Fred G. Neale	58,979	Mar. 22, 1927	96	.....	Ottawa	Benton	40	...	.....	.....
W. F. Hummel	73,443	May 19, 1927	11	372.31	Perry	Reading	164	...	.....	.....
H. B. Goddard	89,921	July 30, 1928	6	1.00	Washington	Dunham	78	...	.....	.....
S. E. Lowrey	77,788	June 11, 1928	1	55.39	Wayne	Congress	113	...	.....	.....
Total Acreage							7,590	913	1,707	32,077

(Here follows Exhibit 116, side folios 4757 & 4758)

City Ex No 116
Wal

J. PAUL BLUNDON

WORK SHEET

ob No.

Date

NOV 25 1931

THE ... COM...

Left Lower Corner of Map

LEGEND

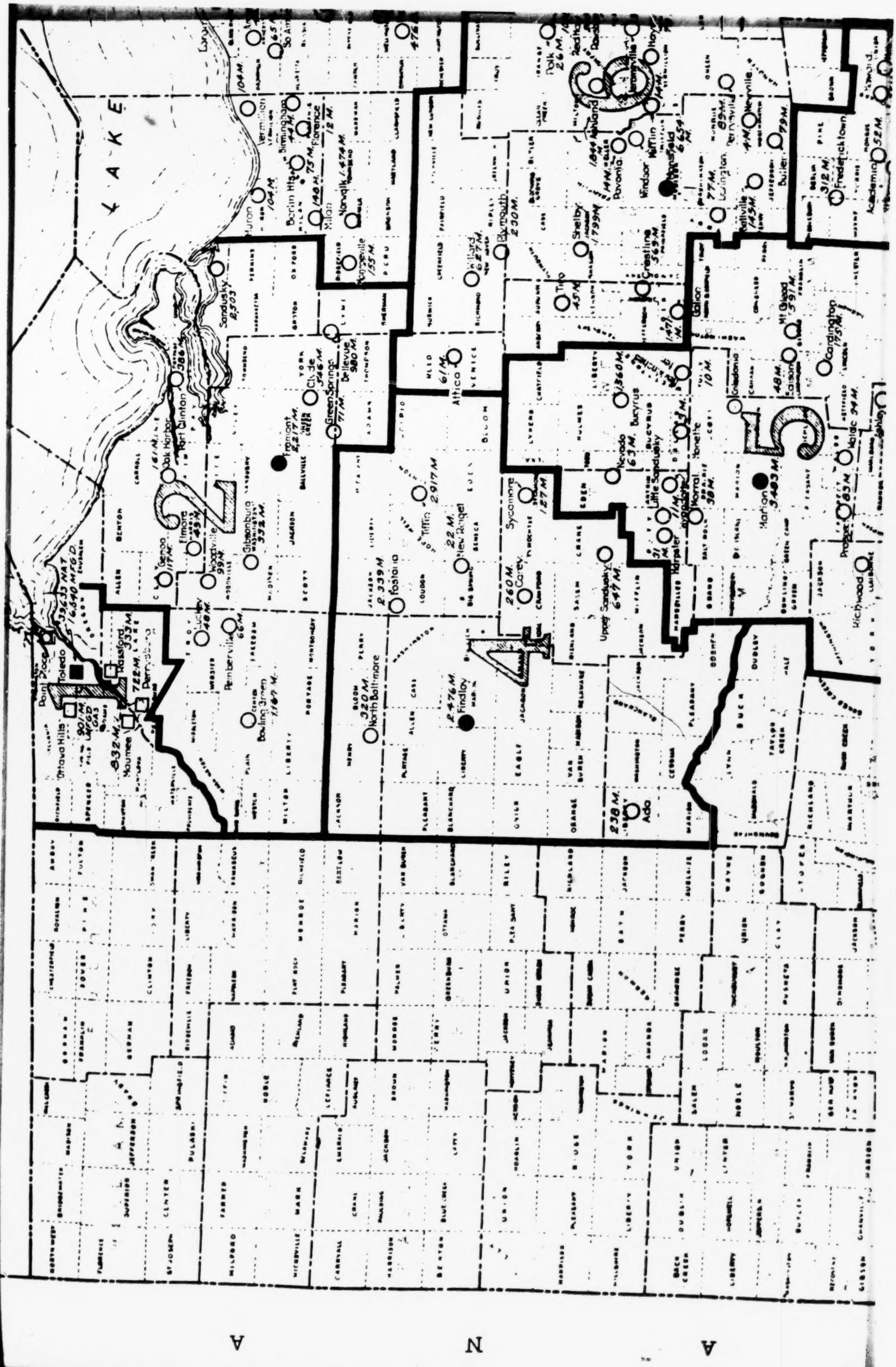
○ DISTRIBUTING PLANT OF THE OHIO FUEL GAS CO.
□ " " " " N.O.N.G. CO.
◘ " " " " E.G.&L. CO.
◙ " " " " C.G.&F. & F.G.&F. CO'S.
☾ " " " " SPRINGFIELD GAS CO.

SOLID SYMBOLS INDICATE DISTRICT OFFICE

Right Lower Corner of Map.

MAP OF
OHIO
SHOWING
DISTRICTS & TOWNS
OF
THE COLUMBIA GAS & ELECTRIC CO.
COLUMBUS GROUP
AS OF
JULY, 1, 1930

4757


LAKE
Toledo
Point Place
Ottawa Hills
Maumee
Perrysburg
Oregon
Northwood
Walbridge
Millbury
Genoa
Elmore
Woodville
Gibsonburg
Fremont
Clyde
Green Springs
Bellevue
Fostoria
Tiffin
New Riegel
Attica
Sandusky
Port Clinton
Oak Harbor
Huron
Vermilion
Berlin Hts.
Birmingham
Florence
Milan
Norwalk
Monroeville
Plymouth
Willard
Shelby
Mansfield
Crestline
Galion
Ontario
Lexington
Ashland
Bellville
Butler
Mt. Gilead
Cardington
Fredericktown
Academia
Prospect
Marion
Harpster
Upper Sandusky
Little Sandusky
Sycamore
Carey
Nevada
Bucyrus
Galion
Kelton
Norma
Richwood
North Baltimore
Findlay
Ada
Pemberville
Bowling Green
Lorain
Norwalk
Shelby
Mansfield
Ashland
Marion
Bucyrus
Fostoria
Findlay
Bowling Green
Toledo
Sandusky
Fremont
Tiffin
Norwalk
Mansfield
Ashland
Marion
Bucyrus
Findlay
Fostoria

3190B

LAKE ERIE

Sandusky 2,503

Huron 104 M.

Vermilion 104 M.

Lorain 401 M.

Avon 37 M.

Avon Lake 87 M.

Rocky River 103 M.

Parma 74 M.

Parma Hts 164 M.

Brook Park

Olmsted Falls 90 M.

Berea 72 M.

Strongsville 69 M.

Brunswick 65 M.

Wellington 47 M.

Litchfield 37 M.

Medina 94 M.

Spencer 147 M.

Whittlesey

Chippewa Lake Park 42 M.

Chippewa Lake Park Resort

Leroy 180 M.

Lodi 93 M.

Seville 186 M.

Burbank 65 M.

West Salem 153 M.

Creston 141 M.

Sterling 72 M.

Rittman 424 M.

Pleasant Home 7 M.

Polk 26 M.

Red Haw 24 M.

Lattasburg 9 M.

Jeromeville 58 M.

Hayesville 78 M.

Jefferson

Ashland 1,844 M.

Ravenna 14 M.

Windsor

Mifflin 14 M.

Mansfield 6654 M.

Galion

Crestline 569 M.

Shelby 1799 M.

Tiro 45 M.

Lexington 77 M.

Perrysville 89 M.

Bellville 145 M.

Newville 4 M.

Butler 79 M.

Caledonia

Caisson

Mt Gilead 591 M.

Cardington 175 M.

Fredericktown 312 M.

Academia 52 M.

Howard

Warren 110 M.

Attica 61 M.

Willard 627 M.

Plymouth 230 M.

Bellevue 980 M.

Clyde 546 M.

Sandusky 386 M.

Norwalk 1,474 M.

Monroeville 155 M.

Milan 140 M.

Berlin Hts 75 M.

Birmingham 44 M.

Florence 12 M.

Berlin 1,360 M.

Mansfield 1,471 M.

Galion 10 M.

Caledonia 48 M.

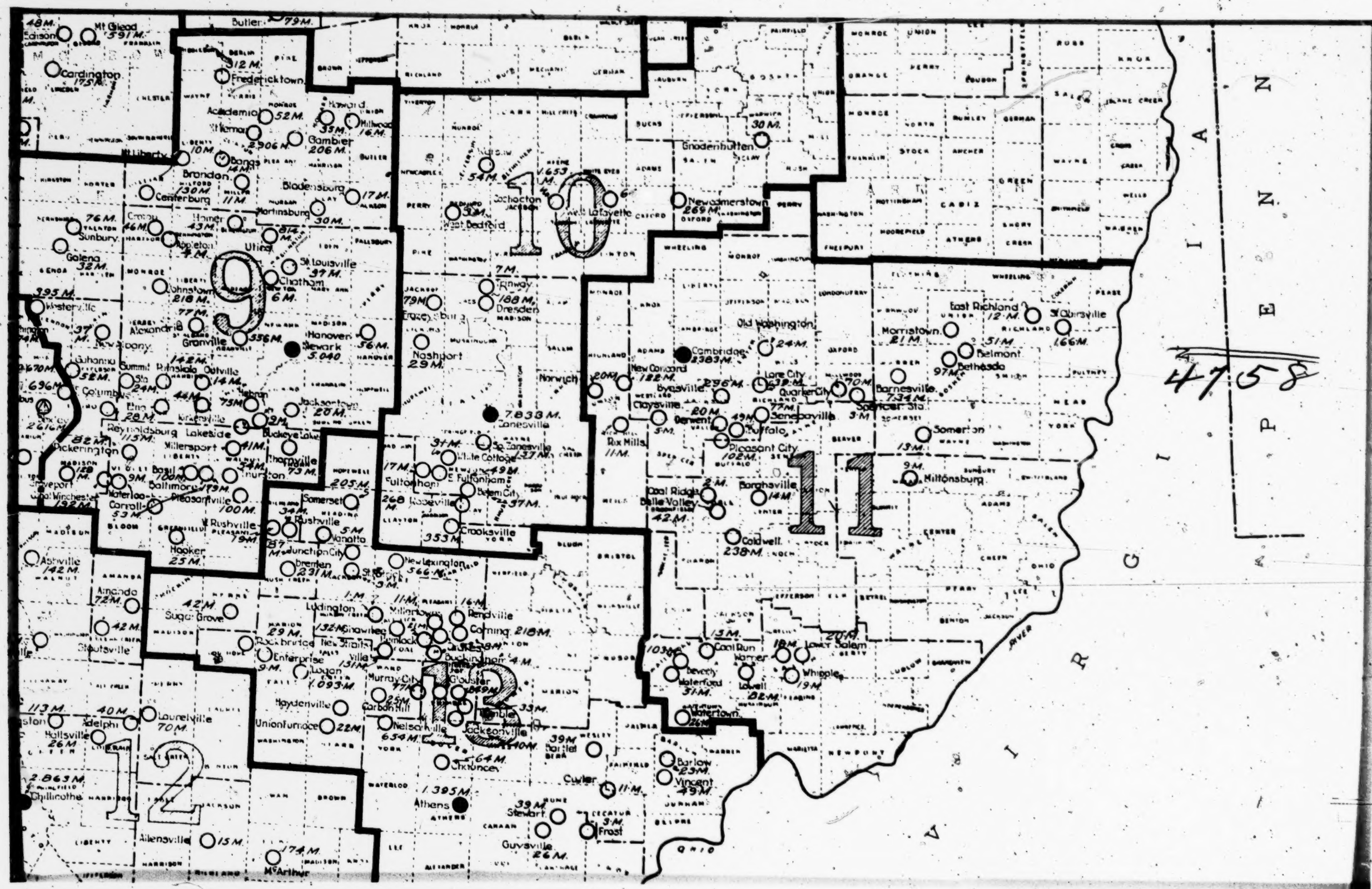
Caisson

D

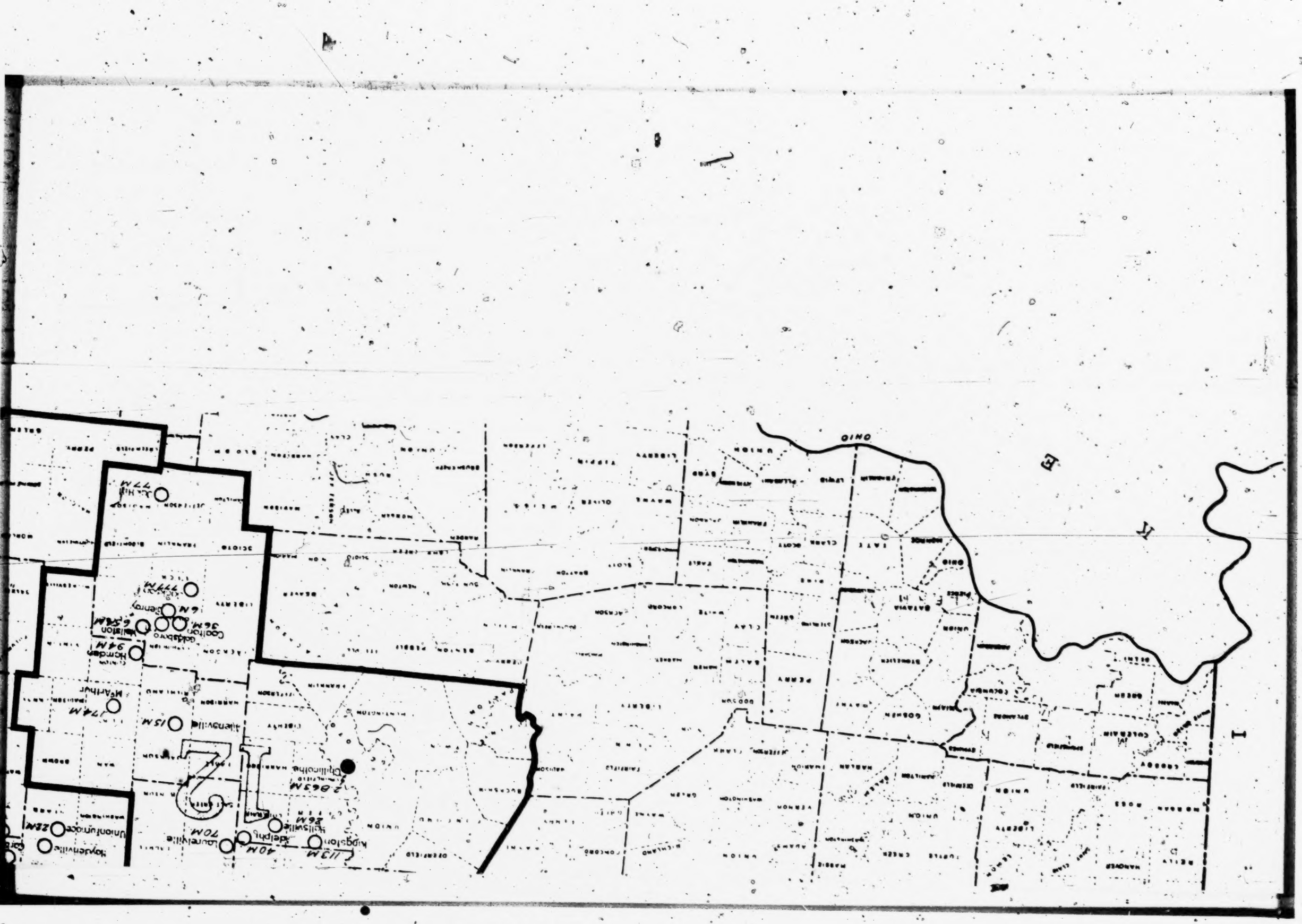
I

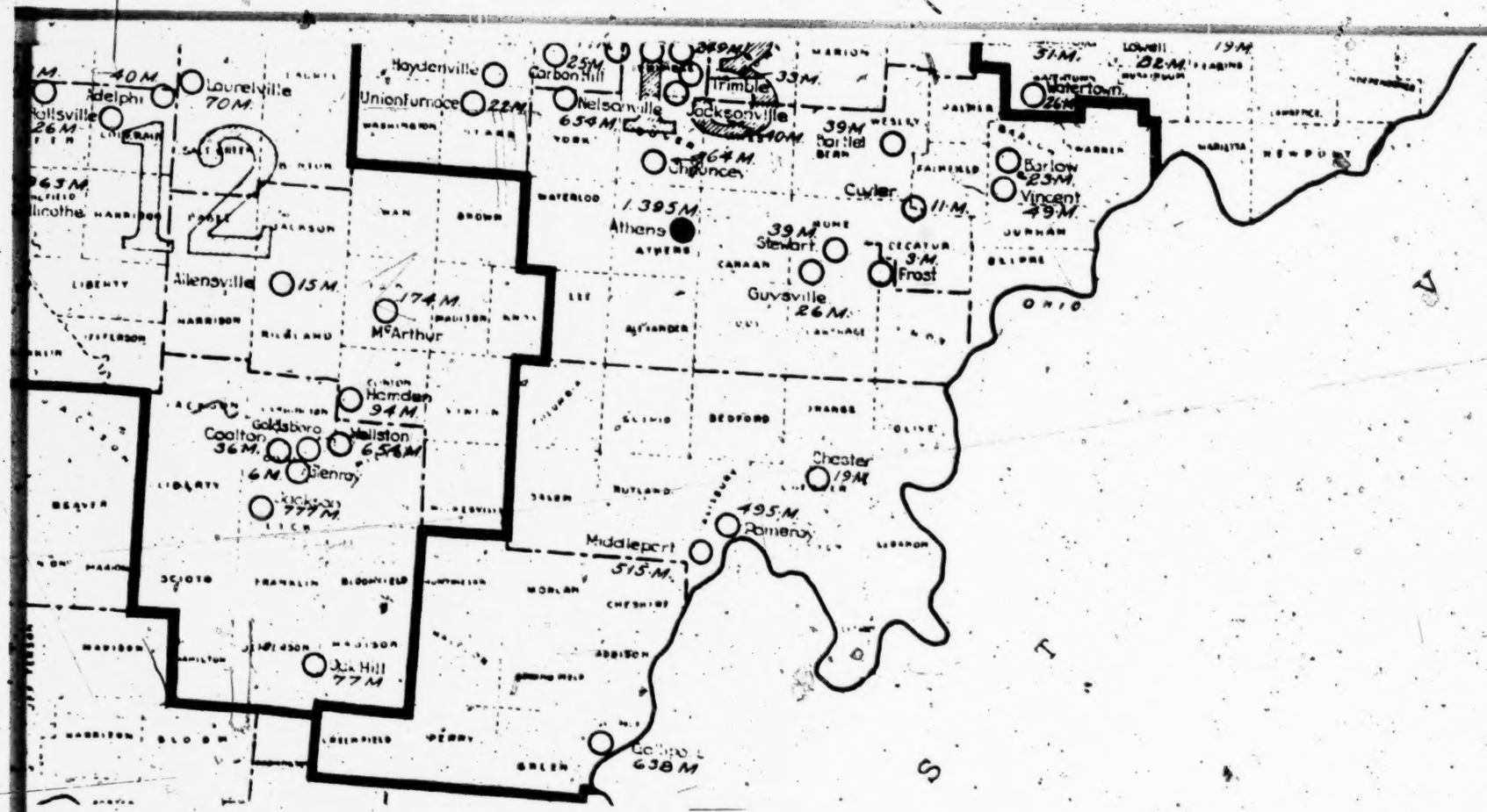
N

I



4758
9
10
11
12
Edison
Mt Gilead
Cardington
Butler
Fredericktown
Academia
Mt Vernon
Gambier
Mt Liberty
Bangs
Brandon
Centerburg
Bladensburg
Martinsburg
Sunbury
Galena
Appleton
Utica
St Louisville
Chatham
Johnstown
Westerville
Alexandria
Granville
Newark
Hanover
Gahanna
Columbus
Reynoldsburg
Lakeside
Millersport
Thornville
Pickerington
Basil
Baltimore
Thurston
Pleasantville
Carroll
Hooker
Somerset
Rushville
Vanatta
Junction City
Bremen
Ashville
Amanda
Sugar Grove
Stoutsville
Rockbridge
Enterprise
Logan
Haydenville
Union Furnace
Laurelville
Adelphi
Hallsville
Chillicothe
Allensville
McArthur
Warsaw
Cochocton
West Lafayette
West Bedford
Trinway
Dresden
Frazeysburg
Nashport
Norwich
Zanesville
So Zanesville
White Cottage
Fultonham
E Fultonham
Roseville
Crooksville
New Lexington
Ludington
Millertown
Rendville
Corning
Shawnee
Hemlock
Buckingham
Murray City
Glouster
Carbon Hill
Nelsonville
Jacksonville
Chauncey
Athens
Stewart
Guysville
Frost
Cutler
Bartlet
Gnadenhutten
Newcomerstown
Cambridge
New Concord
Byesville
Claysville
Rix Mills
Old Washington
Lore City
Quaker City
Senecaville
Buffalo
Pleasant City
Coal Ridge
Belle Valley
Barnesville
Spencer Sta
Somerton
Miltonsburg
Coldwell
East Richland
St Clairsville
Morristown
Belmont
Bethesda
Coal Run
Warner
Lower Salem
Whipple
Lowell
Waterford
Watertown
Barlow
Vincent
Ohio River
Virginia
Pennsylvania


OHIO
I
II
Ohio
Union
Darby
Pleasant
Jerome
Monroe
Scott
Clark
Mad River
Harrison
Madison
Pike
Deer Creek
Paint
Jefferson
Range
Concord
Darby
Fairfield
Pleasant
Canaan
Oak Hill
Jasper
Bloomingsburg
Franklin
Washington
Perry
Green
Jackson
Milton
Salem
Harmony
Clay
Monroe
Liberty



Adelphi
40 M
Laurelville
70 M
Hallsville
26 M
Haydenville
Union Furnace
22 M
25 M
Carbon Hill
Nelsonville
654 M
Trimble
33 M
Jacksonville
40 M
39 M
Bartlet
Chauncey
464 M
Cuyler
11 M
Barlow
23 M
Vincent
49 M
Watertown
26 M
Lowell
82 M
19 M
1.395 M
Athens
39 M
Stewart
3 M
Frost
Guysville
26 M
Allensville
15 M
174 M
McArthur
Hamden
94 M
Goldsboro
Coalton
36 M
Wellston
654 M
6 M
Glenroy
Jackson
777 M
Chester
19 M
495 M
Pomeroy
Middleport
515 M
Oak Hill
77 M
638 M
OHIO

[fol. 4759]

JOINT EXHIBIT

The Ohio Fuel Gas Company

Including

The Northwestern Ohio Natural Gas Company and the Logan Gas Company

Charges to Reserves for Amortization of Leaseholds Calendar Years 1928, 1929 and 1930

Summary

	Acres	Credit to fixed capital	Expense incident to surrendering or renewing leaseholds	Total charge to reserve
Before adjustment December 31, 1930:				
Calendar Year 1928	329,856	$229,703.60	$6,738.21	$236,441.81
Average annual charge per acre		69.638¢	2.042¢	71.680¢
Calendar year 1929	141,652	395,098.92	1,591.43	396,690.35
Average annual charge per acre		278.922¢	1.124¢	280.046¢
Calendar year 1930	524,445	1,266,836.65	6,989.99	1,273,826.64
Average annual charge per acre		241.558¢	1.332¢	242.890¢
Total three year period	995,953	$1,891,639.17	$15,319.63	$1,906,958.80
Average charge per acre		189.933¢	1.538¢	191.471¢
After adjustment December 31, 1930:				
Calendar year 1928	329,856	$229,703.60	$6,738.21	$236,441.81
Average annual charge per acre		69.638¢	2.042¢	71.680¢
Calendar year 1929	98,334	65,914.52	1,591.43	67,505.95
Average annual charge per acre		67.031¢	1.619¢	68.650¢
Calendar year 1930	380,493	138,119.88	6,989.99	145,109.87
Average annual charge per acre		36.300¢	1.837¢	38.137¢
Total three year period	808,683	$433,738.00	$15,319.63	$449,057.63
Average charge per acre		53.635¢	1.894¢	55.530¢

[fols. 4760 & 4761] Clerk's Certificates to foregoing transcript omitted in printing.

[fol. 4762] IN SUPREME COURT OF THE UNITED STATES

ORDER EXTENDING TIME—Filed Nov. 6, 1933

On the 28th day of September, 1933, on petition of Appellant, The Columbus Gas and Fuel Company was, by the undersigned Chief Justice of the Supreme Court of Ohio, allowed an Appeal in the above entitled case from the Supreme Court of Ohio to the Supreme Court of the United States, and on the same day I signed the citation therein to the Appellee returnable forty days from the above date.

It now being shown to me that the record in said case is voluminous and that the Clerk of the Supreme Court of Ohio cannot by said return day make and transmit to the Supreme Court of The United States a true copy of the material parts of said record, including the assignments of error and opinions delivered in the case, in accordance with Rule 10 of the Rules of the Supreme Court of The United States, now upon application of the Appellees, and because of the above, which is good cause for this order, and in accordance with Rule 11 of the Rules of the Supreme Court of The United States, I enlarge the time of and for docketing the above entitled case in the Supreme Court of the United States and with its clerk to the 1st day of December, 1933.

[fols. 4763 & 4763a] In witness whereof I have hereunto subscribed my name officially at the City of Columbus, Ohio, this 3rd day of November, 1933.

11/3/33.

Carl V. Weygandt, Chief Justice of the Supreme Court of Ohio.

The City of Columbus, by John L. Davies, Its City Attorney; James M. Butler, James W. Huffman, Special Counsel. The Columbus Gas and Fuel Company, by —— ——, Its Attorneys. The Public Utilities Commission of Ohio. John W. Bricker, Attorney General.

[fol. 4763b] [File endorsement omitted.]

[fol. 4764] IN SUPREME COURT OF THE UNITED STATES

STATEMENT OF POINTS TO BE RELIED UPON AND PARTS OF RECORD TO BE PRINTED—Filed Nov. 27, 1933

Comes now the appellant, The Columbus Gas and Fuel Company, and adopts its Assignments of Error as its statement of the points to be relied upon, and represents that only the following parts of the record, as filed in this Court, need be printed by the Clerk for the hearing of the case:

	Record page
1. Petition in Error filed November 29, 1932 by The Columbus Gas and Fuel Company	2–48
2. Petition in Error filed December 1, 1932 by the City of Columbus, Ohio	49–57
3. Application of the City of Columbus to be made a party defendant in Case No. 23864	62
4. Order dated February 3, 1933 granting the City of Columbus the right to intervene in Case No. 23864	327
5. Order of April 25, 1933 consolidating Cases Nos. 23864, 23867 and 23868	327
6. Journal entry dated June 21, 1933 reversing the order of The Public Utilities Commission of Ohio in Case No. 23864	327–328
7. Journal entry dated June 21, 1933 reversing the order of The Public Utilities Commission of Ohio in Case No. 23868	333
[fol. 4764a]	
8. Opinion of the Supreme Court of Ohio in Cases Nos. 23864, 23867 and 23868, dated June 21, 1933	63–92
9. Application for rehearing in Cases Nos. 23864 and 23868 filed July 17, 1933 by The Columbus Gas and Fuel Company	93–121
10. Journal entries dated the 20th day of September, 1933, denying the application of The Columbus Gas and Fuel Company for a rehearing in Cases Nos. 23864 and 23868	328, 333
11. Mandates issued on the 20th day of September, 1933, to The Public Utilities Commission of Ohio in Cases Nos. 23864 and 23868	328a, 333a
12. Motion for Severance, filed September 20th, 1933	122–127

Record page

13. Order Granting Severance, dated September 27, 1933 128
14. Petition for Appeal, Assignment of Errors and Prayer for Reversal, filed the 20th day of September, 1933, by The Columbus Gas and Fuel Company 129–138
15. Statement of Grounds of Jurisdiction, filed the 20th day of September, 1933 139–154
16. Order Allowing Appeal, dated the 28th day of September, 1933 155–156
17. Bond for Costs on Appeal, filed and approved September 28, 1933 157–158
18. Citation and Proof of Service filed the 29th day of September, 1933 167
19. Supersedeas bond filed and approved September 28, 1933 159–160
20. Impounding Agreement filed and approved September 28, 1933 162–166
21. Order Allowing Supersedeas, dated the 28th day of September, 1933 168–169
22. Order Staying Execution of Mandates, dated September 28, 1933 170
23. Service of Papers under Rule 12 of Supreme Court of United States and acknowledgment of service, filed September 30, 1933 171–172
24. Complaint and Appeal filed by The Columbus Gas and Fuel Company before The Public Utilities Commission of Ohio, December 31, 1929 173–180
25. Stipulation of parties as to corporate capacity and nature of business of The Columbus Gas and Fuel Company; the passage by the City of Columbus of Ordinance No. 645–29; the submission of said Ordinance to a vote of the electors of the City of Columbus, Ohio; the non-acceptance of Ordinance No. 645–29 by The Columbus Gas and Fuel Company; and the day certain for ascertaining and stating inventories, reproduction costs, depreciations, values, calculations, rate bases, incomes and expenses 181–182
26. Subpoena duces tecum filed January 5, 1931 by The Columbus Gas and Fuel Company for L. A. Seyffert, Treasurer of The Ohio Fuel Gas Company 183–184

[fol. 4764b]

Record page

27. Entry dated January 21, 1931 of The Public Utilities Commission of Ohio sustaining motions filed with The Public Utilities Commission of Ohio by the City of Columbus for (a) Detail of unit costs used in appraising the property of The Ohio Fuel Gas Company; (b) An allocation of the property of The Ohio Fuel Gas Company; and (c) An inventory and appraisal of the property of United Fuel Gas Company 185–186

28. Application and Motion filed by the City of Columbus, Ohio with The Public Utilities Commission of Ohio for enforcement of the entry of January 21, 1931 187–190

29. Entry dated April 25, 1931 of The Public Utilities Commission of Ohio directing The Columbus Gas and Fuel Company to file a copy of the record in the case of United Fuel Gas Company before the Public Service Commission of West Virginia 191

30. Order of The Public Utilities Commission dated October 3, 1932 58–61

31. Opinion of The Public Utilities Commission, dated October 3, 1932 252–255

32. Opinion of Minority Commissioner, dated October 3, 1932 256–290

33. Application by Petition for Rehearing, filed November 1, 1932 by The Columbus Gas & Fuel Company with The Public Utilities Commission of Ohio 291–308

34. Protest of Valuation, filed November 1, 1932 by The Columbus Gas and Fuel Company with The Public Utilities Commission of Ohio 309–319

35. Entry of The Public Utilities Commission of Ohio, dated November 1, 1932, assigning for hearing on November 8, 1932, the protest to the valuation 320

36. Entry of The Public Utilities Commission of Ohio, dated Nov. 4, 1932, assigning for hearing on November 9, 1932, the application for rehearing 321

37. Entry of The Public Utilities Commission of Ohio, dated Nov. 28, 1932 overruling the

Record page

Protest of Valuation and denying the Application for Rehearing..... 322–323

38. Entry of The Public Utilities Commission of Ohio, dated January 27, 1933, transmitting the record to the Supreme Court of Ohio.... 324

39. The following pages of the Transcript of Proceedings and Testimony before The Public Utilities Commission of Ohio:

[fol. 4764c] Subject: Qualification of Witnesses

L. E. Welker and Assistants:

Top of p. 31 to the period in line 8 on p. 34
Line 26 on p. 105 to and including line 2 on p. 106
Line 29 on p. 109 to and including line 28 on p. 110 } 367–389
Line 3 on p. 112 to and including line 16 on p. 118
Line 10 on p. 119 to and including line 18 on p. 129

L. A. Seyffert:

P. 138..... 392

Frank W. Phillips:

P. 211 to and including line 17..... 393

James P. Strickler:

Line 13 on p. 669 to and including line 14 on p. 671 394–396

B. L. Wheeler:

P. 1012 to and including line 11 on p. 1014..... 397–399

Arthur S. Dewing:

P. 1033 to and including line 6 on p. 1035..... 400–402

F. C. Hamilton:

Line 13 on p. 1111 to and including line 3 on p. 1113 403–405

C. I. Weaver:

Line 14 on p. 1933 to and including line 15 on p. 1934. 406–407

P. Antonelli:

Line 18 on p. 1974 to and including line 17 on p. 1977. 408–411

F. H. Lerch:

Line 15 on p. 2253 to and including line 12 on p. 2257. 412–417

A. B. Dally, Jr.:

Line 14 on p. 2983 to and including line 5 on p. 2989.. 418–424

George Witmer, Jr.:

P. 3092 to and including line 18 on p. 3096
Line 26 on p. 3096 to and including line 10 on p. 3097 } 425–430

	Record page
Samuel W. Meals:	
Line 14 on p. 3175 to and including line 12 on p. 3180.	431–436
[fol. 4764d]	
D. S. Weber:	
P. 3248 to and including line 19 on p. 3249.....	437–439
E. E. Roth:	
Line 13 on p. 3316 to and including line 6 on p. 3317.	440
Earl L. Carter:	
P. 4862 to and including line 12 on p. 4863.....	441–443
John E. Kelley:	
Line 19 on p. 5078 to and including line 10 on p. 5079.	444–445
Leon J. Pepperberg:	
P. 5212.....	446–447
Thomas R. Weymouth:	
P. 5251 to and including line 8 on p. 5252.....	448–450
Harry R. Allensworth:	
Line 5 on p. 3402 to and including line 19 on p. 3406	
Line 4 on p. 3652 to and including line 8 on p. 3652	451–457
Line 10 on p. 3711 to and including line 21 on p. 3711	
Line 12 on p. 3932 to and including p. 3936.....	460–479
Line 10 on p. 3938 to and including line 3 on p. 3953	
Top of p. 3958 to and including line 17 on p. 3960..	485–487
Line 26 on p. 3966 to and including line 21 on p. 3967.	Last 4 lines on 494–495
Top of p. 3994 to and including line 25 on p. 3996..	515–517
Line 11 on p. 4003 to and including line 24 on p. 4024.	
Line 10 on p. 4026 to and including line 14 on p. 4040.	
Line 23 on p. 4121 to and including line 8 on p. 4123.	521–561
Line 11 on p. 4163 to and including the first two words in line 21 on p. 4163.....	
Phillip Burgess:	
Top of p. 3733 to and including line 23 on p. 3735.	
Line 6 on p. 3736 to and including line 9 on p. 3737	
Line 21 on p. 3743 to and including line 4 on p. 3744..	574 to
Line 25 on p. 3746 to and including line 10 on p. 3747.	line 7 on
Line 13 on p. 3777 to and including line 7 on p. 3781..	587
Line 8 on p. 3784 to and including line 6 on p. 3785...	

	Record page
Line 18 on p. 3787 to and including bottom of page..	590–594
Top of p. 3789 to and including line 14 on p. 3789..	
Line 21 on p. 3790 to the bottom of p. 3791.....	
Lines 28 & 29 on p. 3792.....	
Line 24 on p. 3797 to and including line 4 on p. 3798.	596
Line 28 on p. 3798 to and including line 11 on p. 3799.	
Line 24 on p. 3802 to and including line 9 on p. 3805..	598–601
Line 28 on p. 3832 to and including line 14 on p. 3835.	607–610
Top of p. 3840 to and including line 17 on p. 3840..	First 17 lines on 616
Line 9 on p. 3852 to and including line 27 on p. 3852..	Lines 9 to 27 on p. 627
Line 16 on p. 3854 to and including line 28 on p. 3854.	Lines 16 to 28 on p. 629

J. Paul Blundon:

Top of p. 4324 to and including line 21 on p. 4330..	631–644
Line 20 on p. 4340 to and including line 1 on p. 4341..	
Line 26 on p. 4404 to and including line 25 on p. 4407.	
Line 29 on p. 4443 to and including line 12 on p. 4444.	

[fol. 4764e]

Subject: Valuation and Operating Expenses

The Columbus Gas and Fuel Company

Line 17 on p. 35 to and including line 12 on p. 37....	644(a)-859
Line 22 on p. 40 to and including line 19 on p. 41....	
Line 2 on p. 42 to and including line 22 on p. 42.....	
Line 19 on p. 58 to and including line 23 on p. 58....	
Line 12 on p. 105 to and including line 17 on p. 105.	
Line 7 on p. 240 to and including line 22 on p. 241...	
Top of p. 217 to and including line 8 on p. 218.....	
Top of p. 220 to and including line 8 on p. 221.....	
Top of p. 228 to and including line 3 on p. 229.....	
Line 29 on p. 229 to and including line 1 on p. 230...	
Line 23 on p. 114 to and including line 20 on p. 115..	
Top of p. 234 to and including bottom of p. 239.....	
Line 6 on p. 354 to and including line 5 on p. 415....	
Top of p. 543 to and including line 5 on p. 578.....	
Line 18 on p. 580 to and including line 13 on p. 584..	
Line 24 on p. 584 to and including line 27 on p. 668..	
Line 18 on p. 678 to and including line 27 on p. 678..	
Line 19 on p. 680 to and including line 16 on p. 682..	
Line 23 on p. 693 to and including line 15 on p. 694..	

	Record page
Line 14 on p. 5361 to and including line 17 on p. 5363.	
Top of p. 139 to and including line 2 on p. 142.....	
Line 28 on p. 152 to and including line 13 on p. 153..	
Line 15 on p. 155 to and including line 12 on p. 156..	
Line 11 on p. 157 to and including line 28 on p. 157..	
Line 6 on p. 158 to and including line 25 on p. 159..	
Line 14 on p. 160 to and including line 2 on p. 161..	
Line 12 on p. 162 to and including line 14 on p. 162..	870–915
Top of p. 170 to and including line 7 on p. 171.....	
Top of p. 172 to and including line 18 on p. 175.....	
Line 25 on p. 175 to and including line 29 on p. 175..	
Line 8 on p. 176 to and including line 12 on p. 176...	
Line 21 on p. 177 to and including line 21 on p. 181..	
Line 12 on p. 1121 to and including line 27 on p. 1122.	
Line 23 on p. 181 to and including line 9 on p. 184...	
Line 24 on p. 187 to and including line 26 on p. 187..	
Line 13 on p. 190 to and including line 17 on p. 190..	
Line 8 on p. 191 to and including bottom of p. 202..	
Line 21 on p. 256 to and including line 13 on p. 259.	919–932
Line 22 on p. 1905 to and including line 11 on p. 1914.	
Line 10 on p. 3431 to and including line 12 on p. 3431.	Lines 10, 11 & 12 on 953
Line 7 on p. 3432 to and including line 6 on p. 3438..	Line 7 on 954 to 960 incl.
Line 24 on p. 3448 to and including line 4 on p. 3449.	969
Line 17 on p. 3729 to and including line 22 on p. 3730.	1119–1120
Line 10 on p. 4118 to and including line 8 on p. 4121.	
Line 16 on p. 3605 to and including line 29 on p. 3605.	1135–
Line 4 on p. 3676 to and including line 18 on p. 3676.	1142
Line 10 on p. 4282 to and including line 18 on p. 4282.	
Line 26 on p. 4192 to and including line 7 on p. 4193.	1189
Line 23 on p. 4212 to and including line 11 on p. 4213.	1191
Line 14 on p. 4347 to and including bottom of p. 4351.	1192-1196

Subject: Valuation and Operating Expenses

The Ohio Fuel Gas Company

Top of p. 814 to and including line 13 on p. 835..	
Line 10 on p. 854 to and including line 15 on p. 857..	
Line 16 on p. 862 to and including line 11 on p. 863.	1201- 1253
Line 28 on p. 866 to and including line 7 on p. 867..	
Line 10 on p. 869 to and including line 19 on p. 869.	

Record page

Line 25 on p. 869 to and including line 22 on p. 870.
Top of p. 871 to and including line 7 on p. 872.....
Top of p. 873 to and including line 7 on p. 877..... 1201–
Line 20 on p. 278 to and including line 15 on p. 282. 1235
Line 13 on p. 285 to and including line 19 on p. 289.
Line 25 on p. 289 to and including line 6 on p. 293..

[fol. 4764f] Subject: Rate of Return

Line 11 on p. 1204 to and including line 20 on p. 1205.1308–1314
Line 7 on p. 1356 to and including line 7 on p. 1357
Top of p. 1331 to and including line 7 on p. 1355....
Line 22 on p. 3711 to and including line 25 on p. 3711.
Line 25 on p. 3712 to and including line 26 on p. 3713 1319–
Line 26 on p. 3714 to and including line 5 on p. 3715 1350
Line 18 on p. 3715 to and including line 19 on p. 3715
Line 27 on p. 3715 to and including line 3 on p. 3716
Line 26 on p. 3718 to and including line 18 on p. 3721
Line 16 on p. 3724 to and including line 19 on p. 3727.1355–1358

Subject: Gas Leaseholds—The Ohio Fuel Gas Company

Necessity for Reserves, Value, Delay Rentals

Line 11 on p. 1917 to and including line 12 on p. 1923 1372–1378 line 12
Line 6 on p. 2093 to and including bottom of p. 2099.1407–1413
Line 9 on p. 2118 to and including first line p. 2122.1419–1422
Top of p. 2124 to and including line 5 on p. 2127....
Line 4 on p. 5146 to and including line 6 on p. 5146..
Line 11 on p. 5147 to and including line 4 on p. 5151
Line 13 on p. 5152 to and including line 2 on p. 5158
Line 26 on p. 5205 to and including line 4 on p. 5209
Line 27 on p. 5210 to the bottom of p. 5211..... 1425–
Line 10 on p. 5304 to and including line 22 on p. 5309 1472
Line 4 on p. 5341 to and including line 22 on p. 5344
Line 8 on p. 5346 to and including line 22 on p. 5347
Top of p. 5353 to and including line 21 on p. 5356..
Line 8 on p. 5364 to the bottom of p. 5364.....
Line 19 on p. 5632 to and including line 14 on p. 5634

	Record page
Line 6 on p. 2989 to and including line 5 on p. 3008.	1475–1495
Line 7 on p. 3021 to and including line 25 on p. 3049.	1509–1537
Line 21 on p. 3053 to the bottom of p. 3091	1543–1597
Line 11 on p. 3097 to and including line 10 on p. 3110	
Line 9 on p. 3111 to and including line 20 on p. 3112	
Line 6 on p. 3116 to and including line 11 on p. 3147	1603 to line 12 on 1634
Line 15 on p. 3148 to and including line 21 on p. 3174	1636–1685
Line 28 on p. 3179 to and including line 6 on p. 3201	
Line 7 on p. 3205 to and including line 20 on p. 3215.	1691–1701
Line 6 on p. 3216 to and including line 17 on p. 3216	Lines 7 to 17 on 1702
Line 22 on p. 3217 to the bottom of p. 3247	1704–1742
Line 20 on p. 3249 to and including line 22 on p. 3256	
Line 28 on p. 3259 to and including line 10 on p. 3272	1747–1776
Line 17 on p. 3273 to and including line 14 on p. 3288	
Line 6 on p. 3289 to and including line 26 on p. 3310.	1779–1801
Line 27 on p. 3310 to and including line 6 on p. 3311	First 6 lines on 1802
Line 8 on p. 3314 to and including line 12 on p. 3314	Lines 8 to 12 on 1803
Line 7 on p. 3317 to and including line 7 on p. 3350	1806–1879
Line 6 on p. 3351 to and including line 2 on p. 3390	
Line 2 on p. 5260 to and including line 13 on p. 5274	1881–1922
Line 25 on p. 5295 to the bottom of p. 5299	
Line 3 on p. 5406 to and including line 10 on p. 5410	
Line 7 on p. 5415 to and including line 10 on p. 5418	
Line 15 on p. 5419 to and including line 5 on p. 5425	
Line 8 on p. 5426 to and including line 11 on p. 5430	
Top of p. 4559 to and including line 2 on p. 4570	2006–2017
Line 7 on p. 4571 to and including line 2 on p. 4587.	2018–2034
Line 19 on p. 4505 to and including line 4 on p. 4508	1937–1941
Line 28 on p. 4514 to and including line 17 on p. 4515	
Line 18 on p. 5243 to and including line 21 on p. 5243	1880

[fol. 4764g]

	Record page
Subject: Amortization—Depletion—The Ohio Fuel Gas Company	2035
Line 20 on p. 998 to the bottom of p. 1002	2039–2046
Line 9 on p. 1004 to and including line 15 on p. 1006.	
Line 18 on p. 2121 to and including line 27 on p. 2121.	2051
Line 5 on p. 2331 to the bottom of p. 2331	2052
Line 23 on p. 2589 to and including line 26 on p. 2590.	2054–2055
Line 11 on p. 2798 to and including line 27 on p. 2798.	2058–2063
Line 24 on p. 5195 to and including line 10 on p. 5198.	
Line 13 on p. 5292 to and including line 24 on p. 5295.	2066–2071b
Line 11 on p. 5418 to and including line 14 on p. 5419.	
Line 7 on p. 5425 to and including line 7 on p. 5426.	
Subject: Gas Well Depreciation	2073
Line 7 on p. 4344 to and including line 5 on p. 4346.	2093–2097
Line 8 on p. 4352 to and including line 21 on p. 4353.	
Line 28 on p. 4354 to and including line 24 on p. 4356.	2099–2102
Line 7 on p. 4408 to and including line 11 on p. 4426.	2107–2143
Line 19 on p. 2271 to and including line 13 on p. 2288.	
Line 7 on p. 5213 to and including line 5 on p. 5250.	2153–2254
Line 4 on p. 5365 to and including line 7 on p. 5367.	
Line 10 on p. 5376 to and including line 4 on p. 5391.	
Line 5 on p. 5431 to and including line 23 on p. 5469.	
Line 3 on p. 5487 to and including line 17 on p. 5491.	
Line 17 on p. 5252 to and including line 1 on p. 5260.	2256–2299
Line 18 on p. 5277 to and including line 12 on p. 5292.	
Line 13 on p. 5393 to and including line 2 on p. 5406.	
Line 11 on p. 5410 to and including line 7 on p. 5413.	
Line 11 on p. 5418 to and including line 14 on p. 5419.	
Line 5 on p. 5425 to and including line 6 on p. 5426.	2300–2301
Subject: Cost of Organization—The Ohio Fuel Gas Company	2303
Line 16 on p. 24 to and including line 23 on p. 24 of Co. Ex. 45	2304
Line 4 on p. 2345 to and including line 5 on p. 2348.	2305–2308
Subject: Cost of Financing—The Ohio Fuel Gas Company	2310
Line 8 on p. 25 to and including line 13 on p. 25 of Co. Ex. 45	2311
Line 16 on p. 2354 to and including line 24 on p. 2358.	2312–2316

Record page

Subject: Going Concern Value—The Ohio Fuel Gas Company 2318

Line 6 on p. 860 to and including line 10 on p. 860..
Line 15 on p. 2159 to and including line 10 on p. 2171.
Line 19 on p. 2173 to and including line 24 on p. 2203.
Line 27 on p. 2209 to the bottom of p. 2212.....
Line 28 on p. 2213 to and including line 25 on p. 2217.
Line 24 on p. 2219 to the bottom of p. 2234.....
Line 12 on p. 2291 to and including line 6 on p. 2295. 2319–2393

Top of p. 2312 to and including line 3 on p. 2318....2400–2406

[fol. 4764h]

Subject: General Overheads—The Ohio Fuel Gas Company 2417

Line 1 on p. 23 to and including word "labor" in line 8 on p. 23 of Co. Ex. 45..... 2418–2428
Line 17 on p. 2348 to and including line 5 on p. 2354.
Line 5 on p. 4342 to and including line 6 on p. 4344.

Top of p. 4647 to and including line 1 on p. 4649....2430–2431

Line 21 on p. 4650 to and including line 23 on p. 4652. 2439–2444
Line 17 on p. 4653 to and including line 17 on p. 4656.

Line 12 on p. 4658 to and including line 24 on p. 4659.2448–2449

Subject: Working Capital—The Ohio Fuel Gas Company 2457

Line 6 on p. 26 to and including line 12 on p. 26 of Co. Ex. 45..... 2458

Line 13 on p. 2010 to and including line 22 on p. 2013.2459–2462
Line 14 on p. 2137 to and including line 28 on p. 2138.2466–2467
Line 9 on p. 2336 to and including line 15 on p. 2338..2470–2472

Subject: Incomplete Construction—The Ohio Fuel Gas Company 2474

Line 13 on p. 26 to and including line 16 on p. 26 of Co. Ex. 45..... 2475
Line 28 on p. 2333 to and including line 17 on p. 2334. 2476

Subject: Annual Allowance for Depreciation—The Ohio Fuel Gas Company 2481

Line 25 on p. 4380 to and including line 3 on p. 4381.
Line 14 on p. 4492 to and including line 26 on p. 4492.
Top of p. 4503 to and including line 18 on p. 4505... 2482–2486

[fol. 4764i]

Subject: Allocation—The Ohio Fuel Gas Company 2488
Line 20 on p. 211 to and including line 2 on p. 212... 2489

Record page

Line 28 on p. 703 to and including line 14 on p. 705. . 2496–2498
Line 18 on p. 1462 to and including line 25 on p. 1462. 2506–2507
Top of p. 1496 to and including line 11 on p. 1496. . .
Line 14 on p. 1497 to and including line 28 on p. 1507.
Line 18 on p. 1508 to and including line 25 on p. 1515.
Line 5 on p. 1517 to the bottom of p. 1524. 2513–
Line 12 on p. 1531 to and including line 6 on p. 1548. 2561
Top of p. 1549 to and including line 14 on p. 1550. . .
Line 7 on p. 1553 to and including line 15 on p. 1554.
Line 10 on p. 1772 to and including line 3 on p. 1782. 2568–
Line 19 on p. 1786 to and including line 28 on p. 1788. 2580
Line 25 on p. 1789 to and including line 10 on p. 1842.
Line 19 on p. 1845 to and including line 7 on p. 1856. 2583–2651
Line 6 on p. 2698 to and including line 3 on p. 2701. .
Line 22 on p. 2766 to and including line 9 on p. 2768. 2658–
Line 23 on p. 4360 to and including line 21 on p. 4361. 2661
Line 10 on p. 4362 to and including line 11 on p. 4362.
Line 15 on p. 4363 to and including line 6 on p. 4364. 2664
Line 23 on p. 4376 to and including line 20 on p. 4377. 2670
Line 26 on p. 4432 to and including line 16 on p. 4436. 2675–2679
Line 18 on p. 4438 to and including line 13 on p. 4442. 2682–2686
Line 11 on p. 4448 to the bottom of p. 4448. 2688
Line 6 on p. 4451 to and including line 25 on p. 4452. 2692–2693
Line 5 on p. 4454 to and including line 14 on p. 4454. Lines 5 to 14 on p. 2696
Line 15 on p. 4455 to and including line 16 on p. 4456. 2698 and 1st 16 lines on 2699
Line 16 on p. 4457 to and including line 24 on p. 4458. 2701–2702
Line 15 on p. 4463 to and including line 19 on p. 4465. 2709–2711
Line 12 on p. 4466 to and including line 7 on p. 4469. 2714–
Line 18 on p. 4470 to and including line 7 on p. 4471. 2717
Line 22 on p. 4472 to and including line 15 on p. 4473. 2719
Line 29 on p. 4485 to and including line 19 on p. 4486. 2733
Line 16 on p. 4487 to and including line 22 on p. 4487. 2736–
Line 4 on p. 4488 to and including line 21 on p. 4488. 2737
Line 23 on p. 4726 to and including line 23 on p. 4727. 2760
Line 21 on p. 4741 to and including line 20 on p. 4742. 2774
Line 9 on p. 4753 to and including line 15 on p. 4753. Lines 8 to 15 on p. 2786
Line 13 on p. 4863 to and including line 27 on p. 4867. 2808–2811

Record page

Line 19 on p. 4876 to and including line 22 on p. 4883. } 2822–
Line 21 on p. 4891 to and including line 10 on p. 4894. } 2833
Line 15 on p. 4900 to and including line 3 on p. 4901.. 2839
Top of p. 4906 to and including line 9 on p. 4907.... } 2842–
Line 6 on p. 4911 to and including line 18 on p. 4913.. } 2846
Line 6 on p. 4916 to and including line 23 on p. 4919.. 2850–2853
Line 28 on p. 4920 to the bottom of p. 4921..... 2856–2857
Line 15 on p. 4925 to and including line 24 on p. 4928. } 2861–
Line 17 on p. 4930 to and including line 22 on p. 4933. } 2869
Line 20 on p. 4934 to and including line 14 on p. 4935. }
Line 10 on p. 4936 to and including line 12 on p. 4947. 2872–2883
Line 26 on p. 4975 to and including line 14 on p. 4980. 2905–2910
Line 24 on p. 4984 to and including line 28 on p. 4989. 2915-2920
Line 17 on p. 5006 to and including line 2 on p. 5007.. 2927
Line 5 on p. 5855 to and including line 20 on p. 5862.. 2991–2998
Line 11 on p. 5866 to the bottom of p. 5869..... 3002–3005
Line 24 on p. 5870 to and including line 1 on p. 5872.. 3007–3008

[fol. 4764j]

Subject: Valuation and Operating Expenses—
United Fuel Gas Company..... 3038

Line 3 on p. 1008 to and including line 18 on p. 1008 3039
Line 20 on p. 1623 to and including line 23 on p. 1624. 3044–3045
Line 8 on p. 1626 to and including line 20 on p. 1626. } Line 7 to 20, p. 3048
Top of p. 1636 to and including line 20 on p. 1641.. 3053–3058
Line 15 on p. 1644 to and including line 20 on p. 1646. 3063–3065
Top of p. 1696 to and including line 23 on p. 1698... 3087–3089
Line 18 on p. 2237 to and including line 22 on p. 2238. 3141–3142
Line 22 on p. 4366 to and including line 11 on p. 4373. 3145–3152
Line 12 on p. 4517 to and including line 11 on p. 4518. 3155
Line 15 on p. 4634 to and including line 14 on p. 4643. 3156–3166

Subject: Gas Leaseholds—United Fuel Gas Company..... 3167

Necessity for Reserves, Value, Delay Rentals

Line 25 on p. 1668 to and including line 6 on p. 1669. } 3167(a) and 3167(b)
Line 9 on p. 1694 to and including line 16 on p. 1694. 3167(c)
Line 28 on p. 1734 to the bottom of p. 1737..... 3168–3171

	Record page
Top of p. 5078 to and including line 14 on p. 5109	3585–
Line 11 on p. 5110 to the bottom of p. 5145	3652
Line 12 on p. 4513 to line 26 on p. 4513	See page 3176
The following pages from Co. Ex. No. 102:	
Line 7 on p. 754 to and including line 13 on p. 799	3178–3222
Line 11 on p. 807 to and including line 7 on p. 842	3253–3288
Top of p. 872 to the bottom of p. 909	3337–3374
Top of p. 949 to the bottom of p. 968	3411–3430
Line 9 on p. 1078 to the bottom of p. 1116	3460–3495
Top of p. 1157 to the bottom of p. 1183	3537–3562
Subject: Amortization—Depletion—United Fuel Gas Company	
The following pages from Company Ex. No. 105:	
Line 16 on p. 2691 to and including line 11 on p. 2693.	5145 a-b-c
Subject: Going Concern Value—United Fuel Gas Company	3653
The following pages from Co. Exs. 101 and 102:	
Line 12 on p. 230 to and including line 16 on p. 249	3654– 3699
Top of p. 1207 to the bottom of p. 1230	
The following pages from Co. Ex. 105:	
Line 11 on p. 2662 to and including line 5 on p. 2663.	
Line 14 on p. 2688 to and including line 9 on p. 2690.	
[fol. 4764k]	
Subject: Labor Performance—The Columbus Gas and Fuel Company	3700
Line 21 on p. 3508 to and including line 5 on p. 3509.	3711 to line 6 on 3712
Line 13 on p. 5564 to and including line 13 on p. 5566	3718 to line 18 on 3724
Line 5 on p. 5570 to and including line 17 on p. 5573.	
Subject: Gas-Holder—The Columbus Gas and Fuel Company	3749
Line 17 on p. 427 to and including line 18 on p. 428	3750– 3759
Line 14 on p. 515 to and including line 25 on p. 517	
Line 15 on p. 671 to and including line 22 on p. 675	
Line 13 on p. 689 to and including line 11 on p. 690.	3765– 3768
Line 22 on p. 707 to and including line 23 on p. 708	
Line 29 on p. 1440 to and including line 24 on p. 1441.	3772

	Record page
Line 21 on p. 1474 to and including line 10 on p. 1478. Line 14 on p. 3451 to and including line 17 on p. 3451. Line 26 on p. 3451 to and including line 24 on p. 3452.	3778–3784
Line 22 on p. 3455 to and including line 25 on p. 3464. Line 9 on p. 4123 to and including line 16 on p. 4127.	3787–3800
Subject: Going Concern Value—The Columbus Gas and Fuel Company	3801
Line 24 on p. 439 to and including line 27 on p. 439. Line 3 on p. 465 to and including bottom of p. 467 Line 24 on p. 468 to and including bottom of p. 476.	3802–3814
Line 27 on p. 497 to and including line 10 on p. 498.	3818
Top of p. 502 to and including line 9 on p. 502. Line 22 on p. 502 to and including line 14 on p. 503.	3819–3820
Line 29 on p. 507 to and including line 1 on p. 508.	3821
Line 5 on p. 523 to and including line 27 on p. 526. Line 16 on p. 683 to and including line 1 on p. 684. Line 12 on p. 1014 to and including line 12 on p. 1032. Line 7 on p. 1035 to and including line 21 on p. 1049. Line 10 on p. 1050 to and including line 20 on p. 1050.	3822 line 20 on p. 3860
Line 12 on p. 1078 to and including line 12 on p. 1095.	3867–3884
Line 25 on p. 1096 to and including line 20 on p. 1109. Line 4 on p. 1113 to and including line 19 on p. 1115.	3887–3903
Line 19 on p. 1135 to the bottom of p. 1141 Line 16 on p. 1142 to and including line 17 on p. 1146.	3906–3917
Line 19 on p. 1148 to and including line 26 on p. 1149. Line 11 on p. 1151 to and including line 24 on p. 1156. Line 16 on p. 1162 to and including line 10 on p. 1168. Line 28 on p. 1177 to the bottom of p. 1196.	3920–3954
Line 6 on p. 1219 to and including line 19 on p. 1223. Line 7 on p. 1224 to and including line 6 on p. 1243. Top of p. 1244 to and including line 20 on p. 1259. Line 29 on p. 1263 to the bottom of p. 1286. Line 21 on p. 1292 to and including line 21 on p. 1319. Line 13 on p. 1451 to and including line 18 on p. 1451. Line 4 on p. 1935 to and including line 16 on p. 1936. Line 19 on p. 3607 to and including line 11 on p. 3610.	3955–4054
Line 28 on p. 3611 to and including bottom of p. 3614	4057–4060
Line 21 on p. 3617 to and including line 10 on p. 3618. Line 26 on p. 3627 to and including line 6 on p. 3628. Line 7 on p. 4144 to and including line 21 on p. 4146. Line 18 on p. 4148 to and including line 16 on p. 4150.	4064–4071
[fol. 4764]	
Subject: Cost of Financing—The Columbus Gas and Fuel Company	4073

	Record page
Line 21 on p. 440 to and including line 23 on p. 440..	4074–4110
Line 5 on p. 462 to and including line 7 on p. 464....	
Line 3 on p. 1051 to and including line 3 on p. 1053.	
Line 17 on p. 1055 to the bottom of p. 1066.....	
Top of p. 1068 to and including line 11 on p. 1078...	
Line 20 on p. 1115 to and including line 23 on p. 1119.	
Line 19 on p. 1202 to and including line 18 on p. 1203.	
Line 21 on p. 1259 to and including line 26 on p. 1263.	4116–4120
Subject: General Overheads—The Columbus Gas and Fuel Company.....	4128
Line 17 on p. 43 to and including line 15 on p. 44...	4129–4138
Line 9 on p. 46 to and including line 13 on p. 51...	
Line 24 on p. 51 to and including line 13 on p. 54...	
Line 6 on p. 55 to and including bottom of p. 57....	4141–4147
Line 27 on p. 428 to and including line 16 on p. 431..	
Line 21 on p. 1429 to and including line 28 on p. 1432.	4157–4160
Line 15 on p. 3445 to and including line 9 on p. 3446.	4163
Line 24 on p. 4088 to the bottom of p. 4094.....	4165–4171
Subject: Working Capital, Materials and Supplies—The Columbus Gas and Fuel Company.....	4172
Top of p. 484 to and including line 22 on p. 486....	4173–4175
Line 21 on p. 1364 to and including line 15 on p. 1365.	4178
Line 12 on p. 1367 to and including line 2 on p. 1369..	4182–4184
Top of p. 3447 to and including line 23 on p. 3448...	4191–4192
Subject: Annual Allowance for Depreciation—The Columbus Gas and Fuel Company.....	4194
Line 6 on p. 3571 to and including line 15 on p. 3571..	4195
Line 23 on p. 3665 to and including line 4 on p. 3666..	
Top of p. 3706 to and including line 10 on p. 3706...	4198
Line 6 on p. 4049 to and including line 1 on p. 4051..	4199–4203
Line 27 on p. 4184 to and including line 7 on p. 4186..	
Subject: Load Building Expense—The Columbus Gas and Fuel Company.....	4205
Line 21 on p. 898 to and including line 3 on p. 901...	4208–4213
Line 7 on p. 902 to and including line 4 on p. 903....	
Line 18 on p. 907 to the bottom of p. 907.....	4219–4222
Line 6 on p. 908 to and including line 12 on p. 910...	
Line 18 on p. 3639 to and including line 23 on p. 3639.	Line 17 to 23 on p. 4224
Line 16 on p. 5626 to and including line 13 on p. 5629.	4229–4232

Record page

[fol. 4764m]

Subject: Gas Sales—Lost Gas—The Columbus Gas and Fuel Company 4233

Line 14 on p. 153 to and including line 18 on p. 154 . . 4234–4236
Line 10 on p. 3631 to and including line 23 on p. 3631.
Line 24 on p. 3633 to and including line 26 on p. 3633. 4240–4241
Line 18 on p. 4268 to and including line 11 on p. 4269.
Line 13 on p. 4278 to the bottom of p. 4278 4252–4265
Line 18 on p. 5181 to and including line 18 on p. 5184.
Line 19 on p. 5358 to and including line 13 on p. 5359.
Line 14 on p. 4074 to and including line 1 on p. 4077. .
Line 23 on p. 4100 to and including line 27 on p. 4104.
Top of p. 4107 to and including line 1 on p. 4111 4268–4272

Subject: Collar Leak Clamps—The Columbus Gas and Fuel Company 4277

Line 26 on p. 4051 to and including line 12 on p. 4061. 4283–4296
Line 18 on p. 4065 to and including line 1 on p. 4069. .

[fols. 4764n & o]

40. The following exhibits offered and introduced before The Public Utilities Commission of Ohio:

Company exhibits Nos. 2 (p. 12 revised); 10 (pp. 3, 23, 26, 27); 11, 12, 15, 16, 17, 19, 43, 44 (pp. 3, 9, 10, 11, 19, 20); 45 (pp. 29, 30); 58, 59, 60, 61, 62, 64, 69, 74, 78, 80, 81–82–83, 96, 97, 98, 116 (pp. 29, 30, 31); 140, 157 A-B-C-D, 159, 173, 177, 178, 178-A, 179, 180, 184, 186, 201, 205, 208, 210.

City exhibits Nos. 26, 27, 30, 46, 47, 50, 50-A, 60 (pp. 1 and 2); 66 (pp. 44-56); 69 (p. 1); 102, 108 (pp. 5, 9, 10, 11, 12, 22, 23, 24); 110, 111.

Dated this 25th day of November, 1933.

Edward C. Turner, Albert M. Calland, Attorneys for The Columbus Gas and Fuel Company.

Service of a copy of the foregoing Designation of Points to be Relied Upon and Parts of Record to be Printed is hereby acknowledged this 25th day of November, 1933.

John M. Bricker, Attorney General of Ohio, Donald C. Power, Special Counsel, Attorneys for The Public Utilities Commission of Ohio. John L. Davies, James W. Huffman, Attorneys for The City of Columbus, Ohio.

[fol. 4764p] [File endorsement omitted.]

[fol. 4765] IN SUPREME COURT OF THE UNITED STATES

COUNTER-DESIGNATION OF MATTERS TO BE PRINTED—Filed Nov. 27, 1933

To the Clerk of the Supreme Court of the United States:

The following parts of the Record are to be printed in the above entitled cause:

1. Application for Rehearing, filed October 19, 1932, by the City of Columbus with The Public Utilities Commission of Ohio.

2. Protest of Valuations, filed October 31, 1932, by the City of Columbus with The Public Utilities Commission of Ohio.

[fol. 4765a]

	Record page
Subject: Qualification of Witnesses	366A
L. E. Welker and Assistants:	
Line 19, p. 129 to and including line 13, p. 130	390–391
H. R. Allensworth:	
Line 4, p. 3654 to and including line 8, p. 3654	458
Line 4, p. 3953 to bottom of page 3957	480–484
Line 18, p. 3960 to and including line 25, p. 3966	488–494
Line 22, p. 3967 to line 17, p. 3985	496–514
Line 26, p. 3996 to and including line 13, p. 3998	518–520
Line 21, p. 4163 to and including line 21, p. 4172 Line 13, p. 4184 to and including line 26, p. 4184	562–573
Phillip Burgess:	
Line 7, p. 3785 to and including line 7, p. 3786 Line 26, p. 3786 to and including line 17, p. 3787	Line 7 on 587 to line 17 on 589
Lines 26 and 27, p. 3792	Line 26 & 27 on p. 594
Lines 1, 2, 3 and 4, p. 3793	Line 1–4 on p. 595
Line 12, p. 3799 to and including line 25, p. 3799	597
Line 5, p. 3820 to bottom of page 3824	602–606
Line 15, p. 3835 to and including line 3, p. 3841 Line 10, p. 3843 to bottom of page 3855	611–630
Subject: Valuation and Operating Expense—The Columbus Gas and Fuel Company	644A
Seyffert—Cross-examination:	
All of page 244, p. 245 and to and including line 26, p. 246	916–918

	Record page
Line 9, p. 1405 to and including line 22, p. 1407	933–935
Strickler—Cross-examination:	
Top of page 1434 to and including line 28, p. 1440	860–868
Line 7, p. 1448 to and including line 14, p. 1449	
Newman—Cross-examination:	
Line 8, p. 2486 to and including line 16, p. 2493	936–949
Line 13, p. 2497 to and including line 4, p. 2498	
Line 5, p. 2502 to and including line 11, p. 2502	
Line 7, p. 2507 to and including line 3, p. 2509	
[fol. 4765b]	
Allensworth—Direct examination:	
Line 13, p. 3406 to and including line 20, p. 3407	951 to line 7 on 954
Line 2, p. 3431 to and including line 13, p. 3432	
Line 7, p. 3438 to and including line 14, p. 3445	961–968
Line 5, p. 3449 to and including line 10, p. 3450	970–1118
Line 19, p. 3466 to and including line 25, p. 3469	
Line 12, p. 3482 to and including last line at bottom of page	
Line 23, p. 3484 to and including line 22, p. 3485	
Line 23, p. 3485 to and including line 26, p. 3500	
Line 13, p. 3510 to and including line 5, p. 3515	
Line 9, p. 3516 to and including line 16, p. 3532	
Line 18, p. 3532 to and including line 3, p. 3533	
Line 6, p. 3533 to and including line 11, p. 3554	
Line 7, p. 3556 to and including line 4, p. 3571	
Line 6, p. 3580 to and including line 19, p. 3607	
Line 24, p. 3628 to and including line 16, p. 3629	
Line 5, p. 3636 to and including line 14, p. 3636	
Line 19, p. 3638 to and including line 17, p. 3639	
Line 20, p. 3644 to and including line 28, p. 3651	
Line 10, p. 3654 to and including line 22, p. 3665	
Line 27, p. 3669 to and including line 27, p. 3672	
Line 16, p. 3675 to and including line 27, p. 3676	
Line 21, p. 3677 to and including line 23, p. 3678	
Line 9, p. 3681 to and including line 26, p. 3686	
Line 14, p. 3872 to and including line 17, p. 3884	1121–1133
Burgess—Direct examination:	
Line 24, p. 3735 to and including line 4, p. 3736	1146–1186
Line 10, p. 3737 to and including line 4, p. 3744	
Top of page 3745 to bottom of page 3775	

Record page

Burgess—Cross-examination:
Line 8, p. 3781 to and including line 20, p. 3781.... 1187

Allensworth—Direct examination:
Top of page 4190 to and including line 17, p. 4190.. 1188
Lines 8 and 9, p. 4193..... 1190
Line 19, p. 4282 to and including line 15, p. 4283...1143–1144

Kellogg—Direct examination:
Line 13, p. 5904 to and including line 10, p. 5905....1197–1198

Subject: Valuation and Operating Expense—The Ohio Fuel Gas Company..... 1199

Allensworth—Direct examination:
Line 4, p. 4285 to and including line 5, p. 4294.....1254–1263

[fol. 4765c]

Top of page 4295 to and including line 7, p. 4305... 1264–
Line 26, p. 4306 to and including line 10, p. 4317.... 1286
Line 2, p. 5922 to bottom of page 5926.....1306–1310

Blundon—Direct examination:
Line 6, p. 4331 to and including line 6, p. 4344.....
Line 19, p. 4381 to and including line 26, p. 4381... 1287–
Line 28, p. 4402 to and including line 13, p. 4403... 1305
Line 27, p. 4429 to and including line 26, p. 4430...

Subject: Rate of Return..... 1312

Wheeler—Cross-examination:
Line 21, p. 1207 to and including line 8, p. 1208.... 1315–
Line 21, p. 1259 to and including line 5, p. 1260.... 1318

Allensworth—Direct examination:
Line 21, p. 3721 to and including line 15, p. 3724...1351–1354

Subject: Leaseholds—The Ohio Fuel Gas Company..... 1359

Seyffert—Cross-examination:
Line 16, p. 1885 to and including line 15, p. 1889... 1361–
Line 13, p. 1890 to and including line 22, p. 1895... 1371
Line 13, p. 1923 to and including line 17, p. 1923... Line 13 to 17 p. 1378
Line 7, p. 2066 to and including line 6, p. 2093.....1379–1406
Top of page 2100 to and including line 15, p. 2101... 1414–
Line 4, p. 2108 to and including line 18, p. 2110.... 1418

Line 2, p. 2122 to bottom of page 2123 1423–1424
Line 5, p. 5928 to and including line 25, p. 5929 1473–1474

Dally—Cross-examination:

Line 6, p. 3008 to and including line 11, p. 3020 1496–1508
Line 26, p. 3049 to and including line 20, p. 3053 . . . 1538–1542

Witmer—Cross-examination:

Line 21, p. 3112 to and including line 5, p. 3116 1598–1602
Line 12, p. 3147 to and including line 13, p. 3148 . . . Line 12 on 3147 to l. 13 on 3148

Meals—Cross-examination:

Line 7, p. 3201 to and including line 6, p. 3205 1686–1690
Line 11, p. 3216 to and including line 21, p. 3217 . . . 1702–1703

Webber—Cross-examination:

Line 23, p. 3256 to and including line 27, p. 3259 . . . 1743–1746
Line 15, p. 3288 to and including line 5, p. 3289 1777–1778

Webber—Redirect examination:

Line 7, p. 3311 to and including line 12, p. 3314 1802–1805

Blundon—Cross-examination:

Line 25, p. 4511 to and including line 2, p. 4512 1942–1943

[fol. 4765d]

Blundon—Direct examination:

Top of page 4610 to and including line 19, p. 4613 . .
Line 28, p. 4613 to and including line 19, p. 4620 . . . 1945–
Line 4, p. 4646 to and including line 20, p. 4646 1959
Line 26, p. 4664 to and including line 3, p. 4665 . . . .
Line 2, p. 4669 to and including line 15, p. 4669 . . . .
Line 6, p. 4818 to and including line 22, p. 4831 1981–1994

Blundon—Cross-examination:

Line 15, p. 4786 to and including line 19, p. 4805 . . . 1961–1980
Line 25, p. 5842 to and including line 20, p. 5847 . . . 1995–2000

Pepperberg—Cross-examination:

Line 8, p. 5369 to and including line 9, p. 5376 1924–
Line 18, p. 5491 to and including line 3, p. 5495 1936

Blundon—Direct examination:

Line 10, p. 5790 to and including line 24, p. 5791 . . . 2002–
Line 10, p. 5792 to and including line 11, p. 5793 . . . 2005

Subject: Amortization—Depletion—The Ohio Fuel Gas Company 2035

Record page

Seyffert—Cross-examination:
Line 19, p. 274 to and including line 10, p. 276 2036–2038

Hamilton—Direct examination:
Line 22, p. 1120 to and including line 11, p. 1121 ... 2048–2049

Seyffert—Cross-examination:
Top of page 2589 to and including line 22, p. 2589 .. 2053
Line 27, p. 2590 to and including line 8, p. 2591 2056–2057

Blundon—Direct examination:
Line 17, p. 4358 to and including line 25, p. 4358 ... 2065

Weymouth—Cross-examination:
In line 19, p. 5292 "A" should be inserted after the second word ..... See 2066

Subject: Gas Well Depreciation 2073

Antonelli—Cross-examination:
Line 2, p. 2004 to and including line 27, p. 2007 ....
Line 9, p. 2016 to and including line 15, p. 2025 2074–
Top of page 2135 to and including line 13, p. 2137 ... 2092
Line 4, p. 2304 to and including line 3, p. 2305 .....

Lerch—Cross-examination:
Line 17, p. 2322 to and including line 18, p. 2324 ... 2144–2146
[fol. 4765e]
Line 22, p. 2330 to and including line 8, p. 2333 2147–2150

Blundon—Direct examination:
Line 18, p. 4354 to and including line 27, p. 4354 ... 2098
Line 25, p. 4357 to and including line 2, p. 4360 2103–2106

Pepperberg—Cross-examination:
Line 4, p. 5495 to and including line 21, p. 5495 2255

Lerch—Cross-examination:
(From Company Exhibit No. 103)
Line 7, p. 1352 to and including line 16, p. 1353 2151–2152

Subject: Going Concern Value—The Ohio Fuel Gas Company 2318

Lerch—Cross-examination:
Line 16, p. 2306 to and including line 1, p. 2312 2394–2399
Line 4, p. 2318 to and including line 16, p. 2322 2407–
Line 25, p. 2339 to and including line 13, p. 2341 ... 2414

Record page

Subject: General Overheads—The Ohio Fuel Gas Company 2417

Blundon—Direct examination:

Line 28, p. 4402 to and including line 13, p. 4403 ... 2429
Line 10, p. 4630 to and including line 14, p. 4634 ... 2432–2436

Blundon—Cross-examination:

Line 2, p. 4649 to and including line 20, p. 4650 ... 2437–2438
Line 18, p. 4656 to and including line 11, p. 4658 ... 2445–2447
Line 25, p. 4659 to and including line 7, p. 4664 ... 2450–2455

Subject: Working Capital—The Ohio Fuel Gas Company 2457

Antonelli—Cross-examination:

Line 23, p. 2013 to and including line 4, p. 2014 ... 2463–2464
Line 2, p. 2016 to and including line 8, p. 2016 ... 2465
Line 29, p. 2138 to and including line 6, p. 2139 ... 2468–2469

Subject: Incomplete Construction Costs—The Ohio Fuel Gas Company 2474

[fol. 4765f]

Lerch—Cross-examination:

Line 19, p. 2334 to and including line 8, p. 2336 ... 2477–2479

Subject: Annual Allowance for Depreciation—The Ohio Fuel Gas Company 2481

Seyffert—Cross-examination:

Line 16, p. 1001 to and including line 1, p. 1003 ...
Line 18, p. 5196 to and including line 7, p. 5197 ... 4505

Subject: Allocation—The Ohio Fuel Gas Company 2488

Phillips—Direct examination:

Line 3, p. 212 to bottom of page 216 2490–2494

Phillips—Cross-examination:

Line 5, p. 703 to and including line 27, p. 703 2495
Line 19, p. 706 to and including line 21, p. 707 ...
Line 15, p. 835 to and including line 25, p. 835 ... 2499–2505
Line 21, p. 836 to and including line 24, p. 838 ...

Strickler—Redirect examination:

Line 26, p. 1462 to and including line 2, p. 1464 ... 2508–2510

Record page

Phillips—Direct examination:

Line 2, p. 1494 to bottom of page 1495 2511–2512

Hightower—Cross-examination:

Line 1, p. 1703 to and including line 15, p. 1704 2563–2564

Phillips—Cross-examination:

Line 27, p. 1770 to and including line 4, p. 1771 .... } 2565–
Line 18, p. 1771 to and including line 9, p. 1772 .... } 2567
Line 29, p. 1788 to and including line 24, p. 1789 ... 2581–2582
Line 5, p. 2761 to and including line 21, p. 2766 2652–2657

Blundon—Direct examination:

Line 22, p. 4361 to and including line 9, p. 4362 2662–2663
Line 19, p. 4364 to and including line 3, p. 4365 2665–2666
Line 20, p. 4366 to and including line 14, p. 4369 ... 2666
Line 11, p. 4374 to and including line 22, p. 4376 ... 2667–2669
Line 21, p. 4377 to and including line 24, p. 4380 ... 2671–2674

Blundon—Cross-examination:

Line 17, p. 4436 to and including line 1, p. 4437 2680–2681
Line 14, p. 4442 to and including line 20, p. 4442 ... 2687
Top of page 4449 to and including line 5, p. 4451 ... 2689–2691

[fol. 4765g]

Line 26, p. 4452 to and including line 4, p. 4454 .... } 2694–
Line 15, p. 4454 to and including line 14, p. 4455 ... } 2697
Line 17, p. 4456 to and including line 15, p. 4457 ... 2699–2700
Line 25, p. 4458 to and including line 14, p. 4463 ... 2703–2708
Line 20, p. 4465 to and including line 11, p. 4466 ... 2712–2713
Line 10, p. 4472 to and including line 21, p. 4472 2718
Line 16, p. 4473 to and including line 22, p. 4479 ... } 2720–
Line 24, p. 4480 to and including line 28, p. 4485 ... } 2732
Line 20, p. 4486 to and including line 15, p. 4487 ... 2734–2735
Line 22, p. 4488 to and including line 4, p. 4492 2738–2742

Blundon—Direct examination:

Line 26, p. 4643 to and including line 18, p. 4644 ... 2743–2744.

Blundon—Cross-examination:

Top of page 4701 to and including line 1, p. 4715 .. 2745–2759
Line 24, p. 4727 to and including line 23, p. 4736 ... } 2761–
Line 15, p. 4739 to and including line 20, p. 4741 ... } 2773
Line 21, p. 4742 to and including line 8, p. 4753 .... } 2775–
Line 16, p. 4753 to and including line 9, p. 4759 .... } 2807.
Line 6, p. 4771 to and including line 8, p. 4785 .... }

Record page

Carter—Direct examination:
Top of page 4914 to and including line 5, p. 4916...2847–2849
Line 24, p. 4919 to and including line 27, p. 4920...2854–2855
Line 15, p. 4923 to and including line 5, p. 4924.... } 2858–
Line 28, p. 4924 to and including line 14, p. 4925... } 2860
Line 15, p. 4935 to and including line 9, p. 4936....2870–2871
Line 13, p. 4947 to and including line 23, p. 4958... } 2884–
Line 14, p. 4967 to and including line 25, p. 4975... } 2904
Line 15, p. 4980 to and including line 23, p. 4984...2911–2914
Line 10, p. 4995 to and including line 12, p. 5000...2921–2926
Line 27, p. 5008 to and including line 9, p. 5042....2928A–2962
Line 28, p. 4867 to and including line 4, p. 4871.... } 2812–
Line 23, p. 4872 to and including line 18, p. 4876... } 2821
Line 11, p. 4894 to and including bottom of p. 4898.2834–2838
Line 4, p. 4901 to and including line 14, p. 4902....2840–2841

Winans—Cross-examination:
Line 8, p. 5653 to and including line 23, p. 5655....2963–2965

Blundon—Direct examination:
Line 26, p. 5778 to and including line 25, p. 5786... } 2966–
Line 17, p. 5789 to and including line 9, p. 5790.... } 2976
Line 17, p. 5810 to and including line 26, p. 5811...2989–2990

Blundon—Cross-examination:
Line 21, p. 5862 to and including line 7, p. 5864....2999–3001
Top of page 5870 to and including line 9, p. 5870.... 3006
Line 2, p. 5872 to and including line 25, p. 5874....3009–3011

Commissioner Geiger:
Top of page 5888 to and including line 7, p. 5894...3012–3018

Blundon—Cross-examination:
Line 10, p. 4716 to and including line 16, p. 4726... } 3019–
Line 4, p. 5895 to and including line 1, p. 5902..... } 3037

Blundon—Redirect examination:
Line 12, p. 5797 to and including line 27, p. 5800... } 2977–
Line 13, p. 5802 to and including line 5, p. 5804.... } 2983
[fol. 4765h]
Line 21, p. 5805 to and including line 6, p. 5806.... } 2984–
Line 17, p. 5806 to and including line 16, p. 5810... } 2989

Subject: Valuation and Operating Expenses—The United Fuel Gas Company..... 3038
Line 19, p. 1008 to and including line 19, p. 1011...3040–3043

	Record page
Line 24, p. 1624 to and including line 7, p. 1626....	3046–3051
Line 21, p. 1626 to and including line 13, p. 1629...	
Hightower—Direct examination:	
Line 21, p. 1641 to and including line 14, p. 1644...	3059–3062
Hightower—Cross-examination:	
Line 7, p. 1653 to and including line 12, p. 1659....	3066–3086
Line 7, p. 1664 to and including line 12, p. 1669....	
Line 15, p. 1688 to and including all of page 1695..	
Line 24, p. 1698 to and including line 3, p. 1706....	3090–3133
Line 13, p. 1707 to and including line 27, p. 1734...	
Top of page 1738 to and including line 11, p. 1745..	
Hightower—Recross-examination:	
Line 15, p. 1748 to bottom of page 1748.....	3134–3140
Line 12, p. 1750 to and including line 6, p. 1753....	
Line 10, p. 1764 to and including line 26, p. 1765...	
Line 23, p. 2238 to and including line 19, p. 2239...	3143–3144
Blundon—Direct examination:	
Line 12, p. 4373 to and including line 10, p. 4374...	3153–3154
Line 15, p. 4643 to and including line 25, p. 4643...	3166
Subject: Gas Leaseholds—The United Fuel Gas Company.....	3167
Blundon—Cross-examination:	
Line 24, p. 4508 to and including line 3, p. 4510....	3172–3174
Top of page 4511 to and including line 9, p. 4511....	3175
Line 27, p. 4513 to and including line 27, p. 4514...	Line 27 on p. 3176 to line 27 on 3177
Larner—Direct examination:	
(From Company Exhibit No. 102)	
Line 14, p. 799 to bottom of page 800.....	Line 14 on p. 3222 to bottom p. 3223
Larner—Cross-examination:	
(From Company Exhibit No. 102)	
Top of page 801 to bottom of page 806.....	3224–3229
[fol. 4765i]	
(From Company Exhibit No. 103)	
Line 6, p. 1719 to and including line 4, p. 1740.....	3252
Line 4, p. 1765 to bottom of page 1765.....	

Record page

Dally—Cross-examination:
(From Company Exhibit No. 102)
Line 8, p. 842 to and including line 8, p. 867 3289–3314

Dally—Recross-examination:
(From Company Exhibit No. 102)
Line 17, p. 868 to and including line 8, p. 871 .....
(From Company Exhibit No. 103)
Line 4, p. 1836 to bottom of page 1853 3315–3336

Blair—Cross-examination:
(From Company Exhibit No. 102)
Top of page 910 to and including line 5, p. 945 3375–3410

Burdette—Cross-examination:
(From Company Exhibit No. 102)
Line 15, p. 971 to and including line 14, p. 1000 3431–3459

Hurlburt—Cross-examination:
(From Company Exhibit No. 102)
Top of page 1117 to and including line 15, p. 1156 .....
(From Company Exhibit No. 103)
Line 12, p. 1884 to and including line 3, p. 1885 3496–3536

Krebs—Cross-examination:
(From Company Exhibit No. 102)
Line 9, p. 1188 to bottom of page 1192 .....
(From Company Exhibit No. 103)
Line 5, p. 1523 to and including line 4, p. 1539 3563–3584

[fol. 4765j]

Subject: Labor Performance—The Columbus Gas and Fuel Company 3700

Allensworth—Direct examination:
Line 27, p. 3500 to and including line 20, p. 3508 3702–3710
Line 6, p. 3509 to and including line 11, p. 3510 3710–3713
Line 23, p. 5918 to and including line 1, p. 5921 3714–3717

Ferguson—Direct examination:
Line 18, p. 5573 to and including line 9, p. 5575 ..... Line 18–3724 to 3726

Ferguson—Cross-examination:
Line 9, p. 5704 to and including line 6, p. 5714 3727–3737
Line 28, p. 5725 to and including line 10, p. 5727 .....
Line 24, p. 5737 to and including line 1, p. 5738 .....
Line 28, p. 5738 to and including line 28, p. 5740 .....
Top of page 5743 to and including line 16, p. 5743 3738–3745

Record page

Kellogg—Direct examination:
Line 27, p. 5906 to and including line 18, p. 5907...3746–3747
Line 2, p. 5909 to and including line 18, p. 5909.... 3748

Subject: Gas Holder—The Columbus Gas and Fuel Company..... 3749

Demorest—Cross-examination:
Line 6, p. 578 to and including line 17, p. 580..... } 3760–
Line 14, p. 584 to and including line 23, p. 584..... } 3763

Strickler—Cross-examination:
Top of page 689 to and including line 12, p. 689..... 3764

Phillips—Cross-examination:
Line 24, p. 708 to and including line 3, p. 709.....3769–3770
Line 6, p. 1323 to and including line 22, p. 1323.... 3771

Strickler—Cross-examination:
Line 13, p. 1445 to and including line 15, p. 1447...3773–3775

Strickler—Redirect examination:
Line 11, p. 1459 to and including line 10, p. 1460...3776–3777

Allensworth—Direct examination:
Line 25, p. 3452 to and including line 15, p. 3454...3784–3786

[fol. 4765k]

Subject: Going Concern Value—The Columbus Gas and Fuel Company..... 3801

Welker—Cross-examination:
Line 1, p. 477 to and including line 27, p. 479.....3816–3817

Welker—Recross examination:
Line 10, p. 502 to and including line 21, p. 502..... 3819
Line 15, p. 503 to and including line 22, p. 503..... 3820

Dewing—Direct examination:
Line 8, p. 1050 to and including line 4, p. 1053.....3860–3864

Dewing—Cross-examination:
Line 5, p. 1077 to and including line 11, p. 1078....3865–3866
Line 13, p. 1095 to and including line 24, p. 1096...3885–3886

Hamilton—Direct examination:
Line 28, p. 1122 to and including line 10, p. 1123...3904–3905

Record page

Hamilton—Cross-examination:

Line 5, p. 1147 to and including line 18, p. 1148....3918–3919

Allensworth—Direct examination:

Line 12, p. 3610 to and including line 28, p. 3611...4055–4056
Top of page 3615 to and including line 20, p. 3617...4061–4064

Subject: Cost of Financing—The Columbus Gas and Fuel Company.....4073

Wheeler—Cross-examination:

Line 21, p. 1212 to and including line 19, p. 1216...4111–4115

Allensworth—Direct examination:

Line 5, p. 3621 to and including line 18, p. 3627....4121–4127

Subject: General Overheads—The Columbus Gas and Fuel Company.....4128

Welker—Direct examination:

Line 14, p. 54 to and including line 5, p. 55.....4139–4140

Welker—Cross-examination:

Line 17, p. 431 to and including line 8, p. 432.....
Line 8, p. 435 to and including line 20, p. 440..... 4148–4156
Line 7, p. 1326 to and including line 13, p. 1326....

Allensworth—Direct examination:

Line 12, p. 3419 to and including line 16, p. 3420...4161–4162
Line 10, p. 3446 to and including line 15, p. 3446... 4164

[fol. 4765l]

Subject: Working Capital, Materials and Supplies —The Columbus Gas and Fuel Company..... 4172

Welker—Cross-examination:

Line 23, p. 486 to and including line 26, p. 486....4175A
Line 27, p. 1363 to and including line 20, p. 1364...4176–4177
Line 16, p. 1365 to and including line 11, p. 1367...4179–4181
Line 3, p. 1369 to and including line 15, p. 1373....4185–4189

Allensworth—Direct examination:

Line 16, p. 3446 to and including line 1, p. 3447....
Line 5, p. 3449 to and including line 20, p. 3449.... 4190–4193

Record page

Subject: Annual Allowance for Depreciation—The Columbus Gas and Fuel Company..... 4194

Allensworth—Direct examination:

Line 18, p. 3704 to and including line 5, p. 3705....4196–4197

Subject: Load Building Expense or Cost of Merchandising—The Columbus Gas and Fuel Company. 4205

Seyffert—Cross-examination:

Line 29, p. 897 to and including line 20, p. 898.....4206–4207
Line 28, p. 904 to and including line 17, p. 907.....4214–4218

Allensworth—Direct examination:

Line 24, p. 3639 to and including line 19, p. 3644...4224–4228

Subject: Gas Sales—Lost Gas—The Columbus Gas and Fuel Company..... 4233

Allensworth—Direct examination:

Line 24, p. 3631 to and including line 23, p. 3633...4237–4239
Line 12, p. 4269 to and including line 12, p. 4278...4242–4251

Allensworth—Cross-examination:

Line 28, p. 4104 to bottom of page 4106.....4266–4268
Line 2, p. 4111 to and including line 1, p. 4113.....4273–4275

Subject: Collar Leak Clamps—The Columbus Gas and Fuel Company..... 4277

Allensworth—Direct examination:

Line 26, p. 3422 to and including line 11, p. 3426...4278–4282

Allensworth—Cross-examination:

Line 26, p. 3634 to and including line 3, p. 3635....4300–4301
Line 18, p. 3884 to and including line 10, p. 3885...4302–4303
Line 2, p. 4069 to and including line 14, p. 4071....4297–4291

[fol. 4765m]

The following Exhibits offered and introduced before The Public Utilities Commission of Ohio:

Company Exhibits Nos. 23, 23-A, 23-B, 23-C, 76, 77, 79, 95, 130 (pp. 15, 16, 17).

To be certified as Original Exhibits: 63, 113, 115.

Joint Exhibit (See Record, p. 5929): Actual Cost of Certain Abandoned Leasholds As Charged Out.

City Exhibits: 2, 6, 11, 18, 18-A, 21, p. 3; 23, 24, 25, 28, 33, 36, 37, 39, 51, 52, 56, pp. 1 & 2; 57, 58, 59, 60, 65, 67, 68, 69, 70, 75, 86, pp. 2 to 5, inc.; 87, 88, pp. 1 to 7, inc., pp. 12 to 14, inc.; 113, 115, pp. 1 to 25, inc.; 116.

To be certified as Original Exhibits: 15, 16, 19, 21, 22, 31, 35, 40, 43, 44, 48, 55, 62, 63, 64, 74, 89, 90 to 90-29.

Dated this 25th day of November, 1933.

The City of Columbus, Ohio, by John L. Davies, City Attorney. James W. Huffman, Special Counsel.

[fols. 4765n & o]

Service of a copy of the foregoing precipe is hereby acknowledged this 25th day of November, 1933.

Edward C. Turner, Albert M. Calland, Attorneys for The Columbus Gas and Fuel Company. John W. Bricker, Attorney General of Ohio. Donald C. Cower, Attorney for The Public Utilities Commission of Ohio.

[fol. 4765p] [File endorsement omitted.]

Endorsed on cover: File No. 38,211. Ohio Supreme Court, Term No. 608. The Columbus Gas and Fuel Company, Appellant, vs. The Public Utilities Commission of Ohio and The City of Columbus, Ohio. Filed November 27, 1933. File No. 608, O. T., 1933.

[fol. 3224] Certificate of transmittal omitted in printing.

[fols. 3225-3226a] Summons and severance, filed April 5, 1934, omitted, printed side page 108 ante.

[fols. 3227-3230a] Motion for severance, filed April 5, 1934, omitted, printed side page 107 ante.

[fols. 3231 & 3231a] Order granting severance, filed April 5, 1934, omitted, printed side page 109 ante.

[fol. 3232] IN SUPREME COURT OF OHIO

[Title omitted]

No. 23864

No. 23868

Consolidated by Order of This Court Dated the 25th Day of April, 1933

PETITION FOR APPEAL, ASSIGNMENT OF ERRORS AND PRAYER FOR REVERSAL—Filed April 5, 1934

To Hon. Carl V. Weygandt, Chief Justice of the Supreme Court of Ohio:

Considering itself aggrieved by the decision of the Supreme Court of the State of Ohio in the above entitled consolidated cause, The Columbus Gas and Fuel Company hereby prays that an appeal may be allowed to the Supreme Court of the United States for the reasons specified in the Assignment of Errors hereinafter set out.

And your Petitioner desires that said appeal shall operate as a supersedeas and therefore prays that an order may be made fixing the amount of security which said Petitioner

shall give and furnish upon such appeal, and that upon giving such security the judgment of the Supreme Court of Ohio and the execution thereof be suspended and stayed until the determination of said appeal by the Supreme Court of the United States.

[fol. 3233] Assignment of Errors

And the said The Columbus Gas and Fuel Company assigns the following errors in the record and proceedings in the said case.

Said Court erred:

(1) In finding and holding that for the period of five years from and after the 12th day of November, 1929, the rate or price of 55 cents per one thousand cubic feet with an additional charge of 5 cents per one thousand cubic feet if monthly bills are not paid within a fixed time, and a monthly minimum charge of 75 cents, without discount, fixed and determined by The Public Utilities Commission of Ohio as the rate or price to be charged by The Columbus Gas and Fuel Company for natural gas for lighting and fuel purposes in the City of Columbus, Ohio, is neither unreasonable, unlawful nor confiscatory and does not deprive the plaintiff in error of its property without due process of law and does not deny to plaintiff in error the equal protection of the law contrary to the provisions of Section One of Article Fourteen of the Articles in Addition to and Amendment of the Constitution of the United States, and does not impair the obligations of contracts contrary to Section Ten of Article One of the Constitution of the United States.

(2) In finding and holding that for the period of five years from and after the 12th day of November, 1929, the rate or price of 75 cents as a minimum per month per customer, without discount, and 48 cents for each 1,000 cubic feet of natural gas, with an additional charge of 5 cents for each 1,000 cubic feet of natural gas if the monthly bills are not paid within a prescribed time, fixed and determined by Ordinance No. 645-29, enacted by the City of Columbus, Ohio, as the rate or price to be charged for natural gas for lighting and fuel purposes in the City of Columbus, Ohio, is neither unreasonable, unlawful nor confiscatory, and does

not deprive the plaintiff in error of its property without due process of law and does not deny to plaintiff in error the equal rotection of the law contrary to the provisions of Section One of Article Fourteen of the Articles in Addition to and Amendment of the Constitution of the United States, and does not impair the obligations of contracts, contrary to Section Ten of Article One of the Constitution of the United States.

[fol. 3234] (3) In sustaining the validity of a statutory rate or price for natural gas which does not provide revenue sufficient to enable The Columbus Gas and Fuel Company to purchase from The Ohio Fuel Gas Company the natural gas necessary to conduct its business and to pay therefor either the price fixed by contract between said companies and shown by the evidence to be reasonable and necessary to compensate said The Ohio Fuel Gas Company for said gas, or a fair market price, or a reasonable price, and in holding that such statutory rate does not deprive the plaintiff in error of its property without due process of law, nor deny to it the equal protection of the law contrary to the provisions of Section One of Article Fourteen of the Articles in Addition to and Amendment of the Constitution of the United States.

(4) In sustaining the validity of a statutory rate or price for natural gas which does not provide a return sufficient to assure or permit confidence in the financial soundness of plaintiff in error or The Ohio Fuel Gas Company or United Fuel Gas Company, and is inadequate under efficient and economical management to maintain and support plaintiff in error's credit, and/or the credit of said other companies, and to enable plaintiff in error and/or said other companies to raise the money necessary for the proper discharge of their duties; which actually does not permit of a return of as much as one percentum on the valuation found and approved by said Court of production and transmission property and produces a deficit from the operation of distribution property; and in holding that such rate or price does not deprive the owners of their property without due process of law and does not deny to said owners the equal protection of the law contrary to the provisions of Section One of Article Fourteen of the Articles in Addition to and Amendment of the Constitution of the United States.

(5) In sustaining the validity of a statutory rate or price for natural gas and in holding that such rate or price, does not deprive the owners of their property without due process of law and does not deny to said owners the equal protection of the law contrary to the provisions of Section One of Article Fourteen of the Articles in Addition to and Amendment of the Constitution of the United States, which [fol. 3235] said rate permits a return on a part only of the value of property devoted to the service and provides funds for the payment of a part only of the actual and necessary expenses of operating the business, because of the following:

(a) The disallowance of any return upon gas leaseholds classed as Numbers 2, 3 or 4, owned and used by The Ohio Fuel Gas Company as the source of supply of natural gas, and indispensable to the continuance of the business, shown by the evidence to have a value of at least $23,752,448.00.

(b) The disallowance of a return upon more than the book value of gas leaseholds classed as No. 1, owned and used by The Ohio Fuel Gas Company as the source of supply of natural gas, and which the evidence showed to have an actual value of at least $19,252,059.00.

(c) No allowance for the annual rentals actually paid by The Ohio Fuel Gas Company on gas leaseholds held and used as the source of supply of natural gas, and indispensable to the continuance of the business, amounting for the year ending December 31st, 1929 to $1,684,913.00.

(d) No allowance to The Ohio Fuel Gas Company for the amortization of production and/or transmission properties and/or for the depletion of gas lands and the necessary expenses or losses incurred incident to the exhaustion of such gas lands, including the exhaustion of the investment in gas wells (Account No. 211—Gas Well Construction), and the equipment therein (Account No. 212—Gas Well Equipment). The evidence shows that such allowances should have been made in the sum of at least $5,449,221.00 per year.

(e) Fixing the value of gas wells (Account No. 211—Gas Well Construction), and the equipment therein (Account No. 212—Gas Well Equipment), by deducting from the re-

production cost of said property the sum of $13,893,126.00 based upon the claimed percentage of depletion of the gas instead of the sum of $4,781,450.00 being the existing deterioration in the property.

(f) Insufficient allowance in the value of the property of The Ohio Fuel Gas Company for cost of organization, amount shown by the evidence $1,999,922.00. Amount allowed $557,363.00.

[fol. 3236] (g) No allowance in the value of the property of The Ohio Fuel Gas Company for cost of financing, shown by the evidence to be necessarily incurred in the reproduction of said property, amounting to $3,199,876.00.

(h) No allowance in the value of the property of The Ohio Fuel Gas Company for going concern value, shown by the evidence to be not less than $12,000,000.00.

(i) Insufficient allowance in the value of the property of The Ohio Fuel Gas Company for Undistributed Construction Expenditures (General Overheads), to-wit: Amount shown by the evidence, $10,468,759.00; amount allowed $7,245,720.00.

(j) Insufficient allowance in the value of the property of The Ohio Fuel Gas Company for Working Capital, to-wit: Amount shown by the evidence, $3,700,000.00; amount allowed, $1,700,000.00.

(k) No allowance in the value of the property of The Ohio Fuel Gas Company for $234,295.00 of property partially constructed but not yet placed in actual operation.

(l) The allowance to The Ohio Fuel Gas Company for annual depreciation of an amount insufficient to renew, restore, replace or substitute depreciated property in order to keep the plant in a state of efficiency to-wit: Amount conceded by the City of Columbus to be necessary $2,848,302.00; amount allowed $1,765,607.00.

(m) The allowance to The Ohio Fuel Gas Company for taxes of an amount insufficient to pay Federal Income Taxes, State Excise Taxes and State Public Utility Taxes at the rates fixed by the laws of the United States and the State of Ohio on the net income and gross receipts pro-

duced by the rates and prices fixed by the court, as shown by the following table:

	Amount to be paid at existing rates	Amount allowed
Federal Income Taxes	$751,520.00	$573,692.00
Excise Taxes	407,523.00	229,300.00
Utility Taxes	8,889.00	8,706.00
Total	$1,167,932.00	$811,698.00

[fol. 3237] (n) Allocating the transmission property and expenses of The Ohio Fuel Gas Company on a demand-mileage basis while the production property and general property of the same company are allocated on a sales basis.

(o) The allowance to The Ohio Fuel Gas Company of an amount for the purchase of gas necessary to conduct its business insufficient to enable The Ohio Fuel Gas Company to pay for gas purchased from United Fuel Gas Company either the price fixed by contract between the said companies and shown by the evidence to be reasonable and necessary to compensate said United Fuel Gas Company for said gas, or a fair market price, or a reasonable price.

(p) Fixing the value of property owned and used entirely in the state of West Virginia by a corporation which, so far as this case is concerned, does no business in the State of Ohio, by applying thereto the laws of Ohio instead of the laws of West Virginia.

(q) The disallowance of any return upon gas leaseholds classed as Nos. 2, 3 or 4 owned and used by United Fuel Gas Company as the source of supply of natural gas, and indispensable to the continuance of the business, shown by the evidence to have a value of approximately $14,750,000.00.

(r) The disallowance of a return upon more than the book value of gas leaseholds classed as No. 1, owned and used by United Fuel Gas Company as the source of supply of natural gas, and which the evidence showed to have an actual value of approximately $40,250,000.00.

(s) No allowance to United Fuel Gas Company for the annual rentals actually paid on gas leaseholds classed as Nos. 2, 3 or 4, held and used as the source of supply of natural gas, and indispensable to the continuance of the

business, amounting to $1,536,622.00 for the year ending December 31, 1930.

(t) No allowance to United Fuel Gas Company for the amortization of production and/or transmission properties and/or for the depletion of gas lands and the necessary expenses or losses incurred incident to the exhaustion of such gas lands. The evidence shows that such an allowance should have been made in the sum of at least $2,227,323.00 per year.

[fol. 3238] (u) The allowance to United Fuel Gas Company for taxes of an amount insufficient to pay Federal income taxes at the rates fixed by the laws of the United States to-wit: Amount to be paid at existing rates, $601,808.00; amount allowed $241,618.00.

(v) No allowance in the value of the property of United Fuel Gas Company for Going Concern Value, shown by the evidence to be not less than $2,832,053.00.

(w) Using theoretical labor performances in determining the cost of reproduction of the property of The Columbus Gas and Fuel Company and totally disregarding the evidence of actual labor performances on similar work in and about the City of Columbus.

(x) No allowance in the value of the property of The Columbus Gas and Fuel Company for a holder station and equipment owned and used in the distribution of natural gas, valued at $188,742.00.

(y) No allowance in the value of the property of The Columbus Gas and Fuel Company for Going Concern Value shown by the evidence to be not less than $537,340.00.

(z) No allowance in the value of the property of The Columbus Gas and Fuel Company for Cost of Financing, shown by the evidence to be necessarily incurred in the reproduction of said property, amounting to at least $211,000.00.

(aa) Insufficient allowance in the value of the property of The Columbus Gas and Fuel Company for Undistributed Construction Expenditures (General Overheads), to-wit, amount shown by the evidence $585,386.00; amount allowed $436,405.00.

(bb) Insufficient allowance in the value of the property of The Columbus Gas and Fuel Company for Working Capital, Materials and Supplies, to-wit, amount shown by the evidence $226,000.00; amount allowed $100,000.00.

(cc) The allowance to The Columbus Gas and Fuel Company for Annual Depreciation of an amount insufficient to renew, restore, replace or substitute depreciated property in order to keep the plant in a state of efficiency, to-wit, amount shown by the evidence $174,880.24; amount allowed $68,196.00.

[fol. 3239] (dd) The allowance to The Columbus Gas and Fuel Company for taxes of an amount insufficient to pay Federal Income Taxes, State Excise Taxes and State Public Utility taxes at the rates fixed by the laws of the United States and the State of Ohio on the net income and gross receipts produced by the rates and prices fixed by the Court, as shown by the following table:

	Amount to be paid at existing rates	Amount allowed
Federal Income Taxes	$41,736.00	$22,644.00
Excise Taxes	66,384.00	36,714.00
Utility Taxes	1,448.00	1,394.00
Total	$109,568.00	$60,752.00

(ee) The disallowance of any amount for annual expenses actually and necessarily incurred by The Columbus Gas and Fuel Company for the purpose of increasing sales of gas, and known as Load Building Expenses, amounting to $29,698.38 for the year ending December 31, 1929.

(ff) Using the fictitious and erroneous amount of 5,671,639,000 cubic feet as the amount of gas sales instead of the correct amount of 5,848,495,000 cubic feet in determining the cost of gas purchased.

(gg) The allowance of an insufficient amount for Lost Gas, to-wit, 5 per cent of 5,671,639,000 cubic feet, instead of 6½ per cent of 5,848,495,000 cubic feet as shown by the evidence.

(hh) The disallowance of any amount for the actual and necessary annual expense of installing collar leak clamps

on iron and steel screw pipe, and which amounted to $37,-985.82 for the year ending December 31, 1929.

(6) In holding that Sections 4 and 5 of Article XVIII of the Constitution of Ohio and Sections 614-46; 499-8; 499-9; 499-13; 614-49 and 614-50 of the General Code of Ohio are valid and do no deprive the owners of their property without due process of law, and do not deny to them the equal protection of the law, contrary to the provisions of Section One of Article Fourteen of the Articles in Addition to and Amendment of the Constitution of the United States, which Constitution and Statutes are interpreted by said Court as:

[fol. 3240] (a) Requiring the allocation of transmission property and expenses on a demand-mileage basis but permitting the allocation of production property and expenses and general property and expenses on a sales basis;

(b) Forbidding any allowance in rates fixed thereunder of any return upon the value of gas leaseholds not yet drilled but owned and used as the source of supply of natural gas, and indispensable to the continuance of the business;

(c) Forbidding any allowance for depletion of wasting assets, and particularly gas leaseholds and gas wells and the equipment therein (Accounts Nos. 211 and 212);

(d) Forbidding any allowance in rates fixed thereunder for amortization of the property of a natural gas producing and transmission company; and

(e) Forbidding any allowance for rentals actually paid on gas leaseholds not yet drilled but held, owned and used as the source of supply of natural gas, and indispensable to the continuance of the business.

(7) In failing to read the record and exhibits upon which the order of The Public Utilities Commission was made, and thereby denying to plaintiff in error due process of law contrary to the provisions of Section One of Article Fourteen of the Articles in Addition to and Amendment of the Constitution of the United States.

(8) The decision and/or judgment of said Court is contrary to the evidence, is not supported by the evidence and is manifestly against the weight of the evidence.

(9) In sustaining the validity of a statutory rate or price for natural gas and in holding that such rate or price, and the Statutes of Ohio which the Court holds require such rate or price, do not impair the obligations of contracts contrary to Section Ten of Article One of the Constitution of the United States, which rate requires the payment for natural gas at the gateways of the City of Columbus, of a price less than the price fixed by the contract, Company Exhibit No. 11, entered into as of the 1st day of July, 1929, between The Columbus Gas and Fuel Company and The Ohio Fuel Gas Company.

[fol. 3241] (10) In sustaining the validity of a statutory rate or price for natural gas and in holding that such rate or price, and the statutes of Ohio which the Court holds require such rate or price, do not impair the obligations of contracts contrary to Section Ten of Article One of the Constitution of the United States, which rate requires the payment of a price for natural gas at the Ohio-West Virginia state line, less than the price fixed by the contract, Company Exhibit No. 58, made on the 31st day of October, 1927, by and between United Fuel Gas Company, a West Virginia corporation and The Ohio Fuel Gas Company, an Ohio Corporation.

Wherefore The Columbus Gas and Fuel Company prays that the judgment of the Supreme Court of the State of Ohio in the above entitled consolidated cause be reversed and for such other and further relief as to the Court may seem just and proper.

Dated this 5th day of April, 1934.

Edward C. Turner, Albert M. Calland, Attorneys for The Columbus Gas and Fuel Company.

[fol. 3241a] [File endorsement omitted.]

[fol. 3242] SUPREME COURT OF THE UNITED STATES

No. 23864

THE COLUMBUS GAS AND FUEL COMPANY, Plaintiff-in-Error,

vs.

THE PUBLIC UTILITIES COMMISSION OF OHIO, Defendant-in-Error

No. 23868

THE CITY OF COLUMBUS, OHIO, Plaintiff-in-Error,

vs.

THE PUBLIC UTILITIES COMMISSION OF OHIO, Defendant-in-Error

Consolidated by Order of the Court Dated the 25th Day of April, 1933

ORDER ALLOWING APPEAL—Filed April 5, 1934

The Appellant in the above entitled consolidated cause having prayed for the allowance of an appeal therein to the Supreme Court of the United States from the judgment made and entered in the above entitled consolidated cause by the Supreme Court of the State of Ohio on the 30th day of March, 1934, and from each and every part thereof, and having presented and filed its Petition for Appeal, Assignment of Errors and Prayer for Reversal pursuant to the statutes and the rules of the Supreme Court of the United States in such case made and provided;

It is now here ordered that an appeal be, and the same is hereby allowed to the Supreme Court of the United States from the Supreme Court of the State of Ohio in the above entitled consolidated cause, as provided by law, and it is further ordered that the Clerk of the Supreme Court of the State of Ohio shall prepare and certify the transcript of the record, proceeding and judgment in said consolidated cause and transmit the same to the Supreme Court of the United States forthwith.

And it is further ordered that security for costs on appeal be fixed in the sum of $1,000.00.

Dated April 5, 1934.

Carl V. Weygandt, Chief Justice of the Supreme Court of Ohio.

[fol. 3242a] [File endorsement omitted.]

[fols. 3243-3243a] Citation, in usual form, showing service of John W. Bricker et al., filed April 5, 1934, omitted in printing.

[fols. 3244-3247] Cost bond on appeal for $1,000.00, approved April 5, 1934, omitted in printing.

[fols. 3248 & 3249] Supersedeas Bond on Appeal for $50,000, approved April 5, 1934, omitted in printing.

[fols. 3250-3251a] Order of Supersedeas, filed April 5, 1934, omitted, printed side page 124 ante.

[fols. 3252-3268a] Precipe for Transcript and Acknowledgment of Service, containing additional matter, filed April 5, 1934, omitted, printed side page 282 ante.

[fol. 3269] IN SUPREME COURT OF THE UNITED STATES

[Title omitted]

No. 23864

No. 23868

Consolidated by Order of the Court Dated the 25th Day of April, 1933

ORDER TRANSMITTING ORIGINAL EXHIBITS—Filed April 5, 1934

It appearing that in this cause it is necessary and proper in the opinion of the undersigned, the Chief Justice

of the Supreme Court of Ohio, that certain original exhibits set out in the Precipe for Transcript filed herein should be inspected in the Supreme Court of the United States upon the appeal of this cause; and that said exhibits can not be reproduced accurately without great inconvenience, it is hereby ordered that the following exhibits referred to and described in the Transcript of Record herein, be transmitted by the Clerk of the Supreme Court of Ohio to the Clerk of the Supreme Court of the United States at Washington and returned after the disposition of the appeal to the Clerk of the Supreme Court of Ohio, to-wit:

Company Exhibit No. 20.—Pamphlet of the U. S. Department of Commerce entitled "Natural Gas in 1928."

Company Exhibit No. 21.—Pamphlet of the U. S. Department of Commerce dated October 9, 1930, containing statistics on consumption of natural gas.

Company Exhibit No. 57.—Report of Ford, Bacon & Davis, Inc. on Elements of Intangible Value of The Ohio Fuel Gas Company.

Company Exhibit No. 86.—Printed Volume containing Classification of Accounts as prescribed by the West Virginia Public Service Commission.

Company Exhibit No. 139.—Schematic Map of the Gas leaseholds of The Ohio Fuel Gas Company.

Company Exhibit No. 141.—Volume containing Summary of Gas Wells and Leases of The Ohio Fuel Gas Company.

Company Exhibits Nos. 142-143-144.—Three volumes containing Maps of the Gas Leaseholds of The Ohio Fuel Gas Company.

[fol. 3270] Company Exhibit No. 145.—Volume containing Summary of Gas Wells of The Ohio Fuel Gas Company.

Company Exhibits Nos. 146-147-148.—Three volumes containing Details of Gas Leaseholds of The Ohio Fuel Gas Company.

Company Exhibit No. 149.—Volume containing Forms of Leases of The Ohio Fuel Gas Company.

Company Exhibit No. 153.—Map of Gas Pools in the State of Ohio.

Company Exhibit No. 154.—Cross-section Diagram of Gas Bearing Sands in the State of Ohio.

Company Exhibit No. 155.—Diagram of Specimen Lens.

Company Exhibit No. 176.—Rate Ordinances affecting The Ohio Fuel Gas Company.

Company Exhibit- Nos. 181-182-182-A.—Three Charts of Daily Average of Natural Gas purchased, Produced and in Reserve with Daily Deliveries of The Ohio Fuel Gas Company.

Company Exhibits Nos. 185-187-189-190-191 and 192.—Six Graphs showing Results of Application of Rock Pressure Decline in Determining Depreciation of Gas Wells and Equipment of The Ohio Fuel Gas Company.

Company Exhibits Nos. 196-197-198.—Compilations of Gate Rates throughout the System of The Ohio Fuel Gas Company produced by the Application of the Blundon Demand-mileage Allocation.

Company Exhibit No. 199.—Compilation of Labor Performances on Trench Excavation in the City of Columbus.

Company Exhibit No. 206.—Pamphlet of U. S. Department of Commerce entitled "Natural Gas in 1929."

City Exhibit No. 76.—Bulletin No. 127 Issued by the Public Service Commission of West Virginia.

Dated at Columbus, Ohio, this 5th day of April, 1934.

Carl V. Weygandt, Chief Justice of the Supreme Court of Ohio.

[fol. 3270½] [File endorsement omitted.]

[fol. 3270a] Appellees' Precipe for Transcript and Acknowledgment of Service, filed April 12, 1934, omitted, printed side page 299 ante.

[fol. 3270b] In Supreme Court of the United States

No. 23864

No. 23868

Consolidated by Order of the Court Dated the 25th Day of April, 1933

Order Transmitting Original Exhibits—Filed April 12, 1934

It appearing that in this cause it is necessary and proper in the opinion of the undersigned, the Chief Justice of the

Supreme Court of Ohio, that certain original exhibits set out in the Precipe for Transcript filed herein should be inspected in the Supreme Court of the United States upon the appeal of this cause; and that said exhibits can not be reproduced accurately without great inconvenience, it is hereby ordered that the following exhibits referred to and described in the Transcript of Record herein, be transmitted by the Clerk of the Supreme Court of Ohio to the Clerk of the Supreme Court of the United States at Washington and returned after the disposition of the appeal to the Clerk of the Supreme Court of Ohio, to-wit:

City Exhibit No. 15.—Contract between Ohio Fuel Gas Company and Preston Oil Co.

[fol. 3270c] City Exhibit No. 16.—Operating Contract between Ohio Fuel Gas Company and Preston Oil Company, dated December 31, 1929.

City Exhibit No. 19.—Contract between The Columbus Gas and Fuel Company and Columbia Engineering and Management Corporation for Operating Services.

City Exhibit No. 21.—Columbia Gas and Electric Corporation Annual Report for 1930.

City Exhibit No. 22.—Voting Trust Agreement of Columbia Oil and Gasoline Corporation.

City Exhibit No. 31.—West Virginia Supreme Court Mandate Entry in re The United Fuel Gas Company.

City Exhibit No. 35.—Annual Report for 1930 of The Columbia Oil and Gasoline Corporation.

City Exhibit No. 40.—List of Officers and Directors of each group of Columbia Gas and Electric Corporation companies for year 1930.

City Exhibit No. 43.—Amounts paid to Columbia Engineering and Management Corporation by Columbus and Charleston groups and Preston Oil Company for 1929 and 1930.

City Exhibit No. 44.—Contract between The Columbus Gas and Fuel Company and Appliance Company.

City Exhibit No. 48.—Statement re Capital Stock, Book Cost, etc. for 1930. Corresponds to Company Exhibit No. 43, bringing same down to December 31, 1930.

City Exhibit No. 55.—Allensworth's Analysis of Reproduction Costs by Columbus Gas and Fuel Company.

City Exhibit No. 62.—A Summary of Ohio Fuel Gas Wells.

City Exhibit No. 63.—A Further Summary of Ohio Fuel Gas Wells.

City Exhibit No. 64.—A Further Summary and Recapitulation of Ohio Fuel Gas Wells.

City Exhibit No. 74.—Allocation Presented by Blundon.

City Exhibit No. 89.—A Rental and Royalty Compilation of The Ohio Fuel Gas Company and its Successors, The Logan Gas Company and The Ohio Fuel Supply Company. [fol. 3270d] City Exhibit No. 90.—To and including 90-29. Annual Reports to The Public Utilities Commission of Ohio by The Logan Gas Company, The Ohio Fuel Supply Company, and The Ohio Fuel Gas Company, 1916 to 1931.

Company Exhibit No. 63.—Going Concern Value by Ford, Bacon and Davis, Presented through Wheeler.

Company Exhibit No. 113.—Exhibits Introduced by Protestants before The Public Service Commission of West Virginia re The United Fuel Gas Company, Case Number 1926.

Company Exhibit No. 115.—Report Submitted by E. V. Williamson to The Public Service Commission of West Virginia in Case Number 1926.

Dated at Columbus, Ohio, this 12th day of April, 1934.

Carl V. Weygandt, Chief Justice of the Supreme Court of Ohio.

[fol. 3270dd] [File endorsement omitted.]

[fol. 3270e] Clerk's certificate to foregoing paper omitted in printing.

[fol. 3271] In Supreme Court of Ohio

No. 23864

Title

The Columbus Gas and Fuel Company

vs.

The Public Utilities Commission of Ohio (The City of Columbus, Henry W. Worley, Mayor)

Action: Error to the Public Utilities Commission of Ohio.

Attorneys: For Plaintiff in Error: Edward C. Turner, Albert M. Calland, Columbus; John Weld Peck, Cincinnati; for Defendant in Error: Gilbert Bettman, T. J. Herbert, John L. Davies, James M. Butler, James W. Huffman, Columbus.

Memoranda of Pleadings, etc., Filed, Writs Issued, Judgment, Orders, etc.

SUPPLEMENTAL TRANSCRIPT OF DOCKET AND JOURNAL ENTRIES

* * * * * * *

1934

Mar. 22. Motion by plaintiff for clarification of judgment filed. 2-23-34 P. S. filed.
" 24. Printed memorandum in support of motion filed & p. s. filed.
" 29. Memo. for oral argument by def. in error filed.
" 29. Memo. of plff. in error on Jurisdiction and precedents filed.
" 30. Motion by plff. in error to clarify journal entries of June 21, 1933 in causes Nos. 23864-68 overruled in part and former entry modified. J. 33, page —.
" 30. Mandate pursuant to entry of March 30, 1934 issued.
Apr. 3. Certified copy of order carrying into execution the mandate of Supreme Court of Ohio filed.
" 5. Summons and severance filed.
" 5. Motion for severance filed.
" 5. Order granting severance filed.
" 5. Petition for appeal, assignment of errors and prayer for reversal filed.
" 5. Statement of grounds of jurisdiction filed.
" 5. Order allowing appeal filed.
" 5. Order of supersedeas filed.
" 5. Citation filed.
" 5. Order transmitting original exhibits filed.
" 5. Proof of Service as required by Rule 12, paragraph 2, filed.
" 5. Cost Bond $1,000.00, Columbus Gas & Fuel as principal and American Surety Co., as surety, approved and filed.

1934

" 5. Supersedeas Bond $50,000.00 Columbus Gas & Fuel Co., as principal and Columbia Gas and Electric Corp., as surety, approved and filed.

" 5. Precipe for transcript filed by appellant.

" 5. Precipe for transcript filed by appellee.

[fols. 3272 & 3273] IN SUPREME COURT OF OHIO

No. 23868

Title

THE CITY OF COLUMBUS, OHIO,

vs.

THE PUBLIC UTILITIES COMMISSION OF OHIO (The Columbus Gas & Fuel Company)

Action: Error to the Public Utilities Commission of Ohio.

Attorneys: For Plaintiff in Error: John L. Davies, James W. Huffman, James M. Butler, Columbus; for Defendant in Error: Gilbert Bettman, T. J. Herbert, Edward C. Turner, Albert M. Calland, Columbus; L. K. Langdon, Cincinnati; Chester J. Gerkin, New York, N. Y.

Memoranda of Pleadings, etc., Filed Writs Issued, Judgment, Orders, etc.

SUPPLEMENTAL TRANSCRIPT OF DOCKET AND JOURNAL ENTRIES

* * * * * * *

1934

Mar. 22. Motion by plaintiff for clarification of judgment filed. 2-23-34 P. S. filed.

" 24. Printed memorandum in support of motion filed & p. s. filed.

" 29. Memo. for oral argument by def. in error filed.

" 29. Memo. of plff. in error on Jurisdiction and precedents filed.

" 30. Motion by plff. in error to clarify journal entries of June 21, 1933 in causes Nos. 23864-68 overruled in part and former entry modified. J. 33, page —.

" 30. Mandate pursuant to entry of March 30, 1934 issued.

1934

Apr. 3. Certified copy of order carrying into execution the mandate of Supreme Court of Ohio filed.
" 5. Summons and severance filed.
" 5. Motion for severance filed.
" 5. Order granting severance filed.
" 5. Petition for appeal, assignment of errors and prayer for reversal filed.
" 5. Statement of grounds of jurisdiction filed.
" 5. Order allowing appeal filed.
" 5. Order of supersedeas filed.
" 5. Citation filed.
" 5. Order transmitting original exhibits filed.
" 5. Proof of Service as required by Rule 12, paragraph 2, filed.
" 5. Cost Bond $1,000.00, Columbus Gas & Fuel as principal and American Surety Co., as surety, approved and filed.
" 5. Supersedeas Bond $50,000.00 Columbus Gas & Fuel Co., as principal and Columbia Gas and Electric Corp., as surety, approved and filed.
" 5. Precipe for transcript filed by appellant.
" 5. Precipe for transcript filed by appellee.

[fol. 3274] IN SUPREME COURT OF OHIO

No. 23864

THE COLUMBUS GAS AND FUEL COMPANY, Plaintiff in Error,

vs.

THE PUBLIC UTILITIES COMMISSION OF OHIO, Defendant in Error

No. 23868

THE CITY OF COLUMBUS, OHIO, Plaintiff in Error,

vs.

THE PUBLIC UTILITIES COMMISSION OF OHIO, Defendant in Error

Consolidated by Order of the Court Dated the Twenty-fifth Day of April, 1933

MOTION FOR CLARIFICATION OF JUDGMENT—Filed March 22, 1934

Now comes The Columbus Gas and Fuel Company and moves the court for a clarification of its judgment entries

herein showing that the same were final and put an end to the litigation and all proceedings thereunder and that the Public Utilities Commission of Ohio has no discretion or alternative except to dismiss the complaint and appeal and to enter an order finding that the rate so fixed by the ordinance of the city of Columbus is just and reasonable and ratifying and confirming said ordinance.

The necessity for such clarification lies in the fact that the Supreme Court of the United States was misled by the language of said entries of this court and the claim of the city of Columbus that under the court's mandates said commission might fix a rate other than the ordinance [fol. 3275] rate and did, on March 19, 1934, in the above entitled cause then pending in said court on appeal, hold that this court had entered no final judgment in this cause, as shown by the certified copy of the entry of the Supreme Court of the United States hereto attached, marked Exhibit "A" and made a part hereof.

The further necessity for such clarification lies in the fact that both the supersedeas bond on appeal and the agreement for deposit of moneys made pursuant to the order of supersedeas herein are conditioned upon a final order by this court in this cause, and the rights of the parties to impounded funds can be determined only upon a final order of this court.

No application is here made for any new order or different judgment. Movant recognizes that if the Public Utilities Commission of Ohio may in any manner change the ordinance rate the judgment herein is not final.

Movant prays that said clarification of said order be allowed and be made as of June 21, 1933.

Respectfully submitted, The Columbus Gas and Fuel Company, by John Weld Peck, Albert M. Calland, Edward C. Turner, Its Attorneys.

Columbus, Ohio, March 22, 1934.

[fols. 3276 & 3277] EXHIBIT "A" TO MOTION FOR CLARIFICATION OF JUDGMENT

SUPREME COURT OF THE UNITED STATES, OCTOBER TERM, 1933

No. 608

THE COLUMBUS GAS AND FUEL COMPANY, Appellant,

vs.

THE PUBLIC UTILITIES COMMISSION OF OHIO and THE CITY OF COLUMBUS, OHIO

JOURNAL ENTRY—March 19, 1934

Per Curiam:

The appeal herein is dismissed for the want of a final judgment.

Haseltine v. Cent. Nat. Bank, 183 U. S., 130.
Schlosser v. Hemphill, 198 U. S., 173, 175, 176.
Louisiana Navigation Co. v. U. S., 269 U. S., 125, 135, 136.
Georgia Ry. Co. v. Decatur, 262 U. S., 432, 437.
Henderlider v. La Plata River and Cherry Creek Ditch Co., 291 U. S., decided March 12, 1934.

A true copy. Test:

Charles Elmore Cropley, Clerk of the Supreme Court of the United States. (Seal.)

[fol. 3278] IN SUPREME COURT OF OHIO, JANUARY TERM, A. D. 1934—TO WIT, MARCH 30, 1934

No. 23864

THE COLUMBUS GAS AND FUEL COMPANY

vs.

THE PUBLIC UTILITIES COMMISSION OF OHIO

No. 23868

THE CITY OF COLUMBUS, OHIO,

vs.

THE PUBLIC UTILITIES COMMISSION OF OHIO

Error to the Public Utilities Commission of Ohio

ORDER ON MOTION FOR CLARIFICATION OF JUDGMENT

This cause came on to be heard upon the motion of The Columbus Gas and Fuel Company for clarification of the judgment entry heretofore made in this cause, and was argued by counsel. Upon consideration whereof it is ordered and adjudged that said motion be, and the same hereby is, overruled, except as hereinafter stated.

It is further ordered that the judgment entry of this court made herein on June 21, 1933, be, and the same hereby is, corrected and modified to read as follows:

This cause came on to be heard upon the transcript of the record of the Public Utilities Commission of Ohio and was argued by counsel. On consideration whereof, it is ordered and adjudged by this court, that the order of the said Public Utilities Commission of Ohio be, and the same hereby is, reversed for the reason that the rate of 55¢ per thousand cubic feet of gas, as fixed by said commission, is unlawful and unreasonable, and for the further reason that the rate of 48 cents per thousand cubic feet provided in the ordinance adopted by the city of Colum-
[fol. 3279] bus is not unlawful nor unreasonable. And this cause is hereby remanded to the Public Utilities Commission of Ohio, forthwith to fix said forty-eight cent rate in accordance with this entry.

Ordered, that a special mandate be sent to the Public Utilities Commission of Ohio, to carry this judgment into execution.

The court orders that this order be now entered by the clerk of this court upon the journal of this court as of the date of June 21, 1933.

[fol. 3280] IN SUPREME COURT OF OHIO, JANUARY TERM, A. D. 1934—TO WIT, MARCH 30, 1934

No. 23864

THE COLUMBUS GAS AND FUEL COMPANY

vs.

THE PUBLIC UTILITIES COMMISSION OF OHIO

Error to the Public Utilities Commission of Ohio

MANDATE

This cause came on to be heard upon the motion of The Columbus Gas and Fuel Company for clarification of the judgment entry heretofore made in this cause, and was argued by counsel. Upon consideration whereof it is ordered and adjudged that said motion be, and the same hereby is, overruled, except as hereinafter stated.

It is further ordered that the judgment entry of this court made herein on June 21, 1933, be, and the same hereby is, corrected and modified to read as follows:

This cause came on to be heard upon the transcript of the record of the Public Utilities Commission of Ohio and was argued by counsel. On consideration whereof, it is ordered and adjudged by this court, that the order of the said Public Utilities Commission of Ohio be, and the same hereby is, reversed for the reason that the rate of 55¢ per thousand cubic feet of gas, as fixed by said commission, is unlawful and unreasonable, and for the further reason that the rate of 48 cents per thousand cubic feet provided in the ordinance adopted by the city of Columbus is not unlawful nor unreasonable. And this cause is hereby remanded to the Public Utilities Commission of [fol. 3281] Ohio, forthwith to fix said forty-eight cent rate in accordance with this entry.

Ordered, that a special mandate be sent to the Public Utilities Commission of Ohio, to carry this judgment into execution.

The court orders that this order be now entered by the clerk of this court upon the journal of this court as of the date of June 21, 1933.

I, Seba H. Miller, clerk of the Supreme Court of Ohio, do hereby certify that the foregoing entry is truly taken and correctly copied from the journal of said court.

Witness my hand and the seal of said court this thirtieth day of March, A. D. 1934.

Seba H. Miller, Clerk. (Seal.)

SUPREME COURT OF OHIO

The State of Ohio, City of Columbus, to the Honorable Public Utilities Commission of Ohio, Greeting:

We do hereby command you, that you proceed, without delay, to carry the within and foregoing judgment of our Supreme Court of Ohio, in the cause of The Columbus Gas and Fuel Company v. The Public Utilities Commission of Ohio into execution, the petition in error herein and heretofore granted, to the contrary notwithstanding.

Witness, Seba H. Miller, clerk of said Supreme Court of Ohio, this thirtieth day of March, A. D. 1934.

Seba H. Miller, Clerk. (Seal.)

[fol. 3282] (A duplicate of this mandate was issued in Case No. 23868 which was consolidated with Case No. 23864.)

[fol. 3283] BEFORE THE PUBLIC UTILITIES COMMISSION OF OHIO

No. 5935

In the Matter of the Complaint and Appeal of THE COLUMBUS GAS AND FUEL COMPANY from an Ordinance of the City of Columbus to Regulate the Price That May Be Charged for Natural Gas Within the City of Columbus

FINDING AND ORDER CARRYING INTO EXECUTION THE MANDATES OF THE SUPREME COURT OF OHIO IN PROCEEDINGS-IN-ERROR ENTITLED THE CITY OF COLUMBUS, OHIO v. THE PUBLIC UTILITIES COMMISSION OF OHIO, NO. 23868, AND THE COLUMBUS GAS & FUEL COMPANY v. THE PUBLIC UTILITIES COMMISSION OF OHIO, NO. 23864

This commission having before it the following documents, to wit:

1. The mandates dated September 20, 1933, of the Supreme Court of Ohio that it proceed without delay to carry

the judgment of said Supreme Court of Ohio in the cause of The Columbus Gas & Fuel Company v. The Public Utilities Commission of Ohio, No. 23864, and the cause of The City of Columbus, Ohio, v. The Public Utilities Commission [fol. 3284] of Ohio, No. 23868, into execution. Said mandates providing as follows:

"SUPREME COURT OF THE STATE OF OHIO, JANUARY TERM, A. D. 1933—JUNE 21, 1933

The State of Ohio, City of Columbus

No. 23864

THE COLUMBUS GAS & FUEL COMPANY

v.

THE PUBLIC UTILITIES COMMISSION OF OHIO

23868

THE CITY OF COLUMBUS, OHIO

v.

THE PUBLIC UTILITIES COMMISSION OF OHIO

Error to The Public Utilities Commission of Ohio.

This cause came on to be heard upon the transcript of the record of The Public Utilities Commission of Ohio and was argued by counsel. On consideration whereof, it is ordered and adjudged by this court, that the order of the said Public Utilities Commission of Ohio be, and the same is hereby reversed for the reason that the rate of 55¢ per thousand cubic feet of gas, as fixed by said commission, is unlawful and unreasonable, and for the further reason that the rate of 48 cents per thousand cubic feet provided in the ordinance adopted by the city of Columbus is not unlawful nor unreasonable. And the said cause is hereby remanded to the said Public Utilities Commission of Ohio for further proceedings and orders not inconsistent with this entry.

Ordered, That a special mandate be sent to the Public Utilities Commission of Ohio, to carry this judgment into execution.

I, Seba H. Miller, clerk of the Supreme Court of Ohio, do hereby certify that the foregoing entry is truly taken and correctly copied from the journal of said court.

Witness my hand and seal of said court this twentieth day of September, A. D. 1933.

Seba H. Miller, Clerk, by Elliot E. Welch, Deputy.
(Seal.)

[fol. 3285] SUPREME COURT OF OHIO

The State of Ohio, City of Columbus, to the Honorable Public Utilities Commission of Ohio, Greeting:

We do hereby command you, that you proceed, without delay, to carry the within and foregoing judgment of our Supreme Court of Ohio, in the cause of The City of Columbus, Ohio, vs. The Public Utilities Commission of Ohio into execution, the petition in error herein and heretofore granted, to the contrary notwithstanding.

Witness, Seba H. Miller, clerk of said Supreme Court of Ohio, at Columbus, this twenty-eighth day of September, A. D. 1933.

Seba H. Miller, Clerk; Elliott E. Welch, Deputy.
(Seal.)"

2. The following entry certified to this commission September 30, 1933, in the said proceedings consolidated by order of said court dated April 25, 1933, to wit:

"IN THE SUPREME COURT OF OHIO

No. 23864

THE COLUMBUS GAS AND FUEL COMPANY, Plaintiff in Error,

vs.

THE PUBLIC UTILITIES COMMISSION OF OHIO, Defendant in Error

No. 23868

THE CITY OF COLUMBUS, OHIO, Plaintiff in Error,

vs.

THE PUBLIC UTILITIES COMMISSION OF OHIO, Defendant in Error

Entry

The above entitled consolidated cause having been appealed to the Supreme Court of the United States and a

supersedeas having issued, it is ordered that the execution of the special mandates to The Public Utilities Commission [fol. 3286] of Ohio heretofore issued herein, be and the same hereby are stayed until disposition of the said cause by the Supreme Court of the United States.

Carl V. Weygandt, Chief Justice of the Supreme Court of Ohio.

Certificate

STATE OF OHIO,
City of Columbus, ss:

I, Seba H. Miller, Clerk of the Supreme Court of Ohio, do hereby certify that the foregoing entry is truly taken and correctly copied from the records of said court.

In Witness Whereof, I have hereunto subscribed my name and affixed the seal of said Supreme Court this thirtieth day of September, A. D. 1933.

Seba H. Miller, Clerk, by Elliott E. Welch, Deputy.
(Seal.)

3. The mandates dated March 30, 1934, to wit:

SUPREME COURT OF THE STATE OF OHIO, JANUARY TERM, A. D. 1934— TO WIT MARCH 30, 1934

STATE OF OHIO,
City of Columbus:

No. 23864

THE COLUMBUS GAS AND FUEL COMPANY

vs.

THE PUBLIC UTILITIES COMMISSION OF OHIO

No. 23868

THE CITY OF COLUMBUS, OHIO

vs.

THE PUBLIC UTILITIES COMMISSION OF OHIO

Error to the Public Utilities Commission of Ohio

This cause came on to be heard upon the motion of The Columbus Gas and Fuel Company for clarification of the

judgment entry heretofore made in this cause, and was argued by counsel. Upon consideration whereof it is or-
[fol. 3287] dered and adjudged that said motion be, and the same hereby is, overruled, except as hereinafter stated.

It is further ordered that the judgment entry of this court made herein on June 21, 1933, be, and the same hereby is, corrected and modified to read as follows:

'This cause came on to be heard upon the transcript of the record of the Public Utilities Commission of Ohio and was argued by counsel. On consideration whereof, it is ordered and adjudged by this court, that the order of the said Public Utilities Commission of Ohio be, and the same hereby is, reversed for the reason that the rate of 55¢ per thousand cubic feet of gas, as fixed by said commission, is unlawful and unreasonable, and for the further reason that the rate of 48 cents per thousand cubic feet provided in the ordinance adopted by the city of Columbus is not unlawful nor unreasonable, and this cause is hereby remanded to the Public Utilities Commission of Ohio, forthwith to fix said forty-eight cent rate in accordance with this entry.

Ordered, that a special mandate be sent to the Public Utilities Commission of Ohio, to carry this judgment into execution.

The court orders that this order be now entered by the clerk of this court upon the journal of this court as of the date of June 21, 1933.

I, Seba H. Miller, clerk of the Supreme Court of Ohio, do hereby certify that the foregoing entry is truly taken and correctly copied from the journal of said court.

Witness my hand and seal of said court this thirtieth day of March, A. D. 1934.

Seba H. Miller, Clerk. (Seal.)

[fol. 3288] SUPREME COURT OF OHIO

The State of Ohio, City of Columbus to the Honorable Public Utilities Commission of Ohio, Greeting:

We do hereby command you, that you proceed, without delay, to carry the within and foregoing judgment of our Supreme Court of Ohio, in the cause of The Columbus Gas & Fuel Company v. The Public Utilities Commission of

Ohio, into execution, the petition in error herein and heretofore granted, to the contrary notwithstanding.

Witness:

Seba H. Miller, Clerk. (Seal.)

Whereupon, and in pursuance to such mandates, the commission does find:

That the rate per thousand cubic feet of 48 cents with an additional charge of 5 cents per thousand cubic feet, if the monthly bills are not paid within a fixed time, with a minimum charge of 75 cents per month without discount, fixed and prescribed for the furnishing of natural gas by Ordinance No. 645-29, passed by the council of the city of Columbus, Ohio, September 3, 1929, is just and reasonable and should be ratified and confirmed.

It is therefore,

Ordered, that the finding and order, made and entered herein as of October 3, 1932, be, and hereby the same is rescinded, set aside and held for naught. It is further

Ordered, that the rate per thousand cubic feet of forty-eight cents, with an additional charge of five cents per thousand cubic feet, if the monthly bills are not paid within a fixed time, with a minimum charge of seventy-five cents per [fols. 3289 & 3290] month without discount, fixed and prescribed for the furnishing of natural gas to consumers in the city of Columbus, Ohio, by Ordinance No. 645-29, passed by the council of the said city of Columbus, Ohio, September 3, 1929, be, and hereby the same is ratified and confirmed. It is further

Ordered, that this finding and order be certified to the clerk of the Supreme Court of Ohio, to the city of Columbus, Ohio, and to The Columbus Gas and Fuel Company. It is further

Ordered, that this proceeding be, and hereby the same is closed without further record.

To which finding and order of the commission the city of Columbus, Ohio, and The Columbus Gas and Fuel Company each then excepted, here now except, and their exceptions here are noted of record, and to the making of which finding and order at this time the said The Columbus Gas and Fuel

Company then especially excepted, here now excepts, and its exceptions here are noted of record.

The Public Utilities Commission of Ohio, E. J. Hopple, Chairman; Frank W. Geiger, Charles F. Schaber, Commissioners.

Dated at Columbus, Ohio, this second day of April, 1934.
A true copy:

C. H. Knisley, Secretary. (Seal.)

[fols. 3291 & 3292] Clerk's Certificates to docket and journal entries omitted in printing.

[fol. 3293] Certificate of Lodgment omitted in printing.

[fol. 3294] Clerk's Certificate to foregoing transcript omitted in printing.

[fols. 3295–3311b] Designation of Points to be Relied upon and Parts of Record to be Printed, filed April 9, 1934, omitted, printed side page 3193 ante.

[fols. 3312–3326] Counter-Designation of Matters to be Printed, filed April 14, 1934, omitted, printed side page 3210 ante.

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1933.

No. 937

THE COLUMBUS GAS AND FUEL COMPANY,
Appellant,

vs.

THE PUBLIC UTILITIES COMMISSION OF OHIO AND THE CITY OF COLUMBUS, OHIO.

MOTION.

The purpose of this motion is:

When the attention of the Supreme Court of Ohio was called to the *per curiam* decision of this Court dated March 19, 1934, dismissing the appeal in Cause No. 608 because the judgment of that court was not final on its face, the Ohio Supreme Court entered an order of March 30, 1934, clarifying and amending its judgment so as to direct The Public Utilities Commission of Ohio in terms to put the 48¢ rate into effect. The judgment as so corrected is clearly final. *Mower* v. *Fletcher*, 114 U. S. 127.

The order of the Supreme Court of Ohio was directed to be entered *nunc pro tunc* as of June 21, 1933—the date of the judgment appealed from in Cause No. 608.

The appellant is uncertain whether proper procedure requires:

(a) That the order of the Supreme Court of Ohio of March 30, 1934, be treated as an amendment to the record in No. 608 (see *Whitney* v. *California*, 274 U. S. 357; *Newton* v. *Consolidated Gas*, 265 U. S. 78) and that this appellant shall apply for a rehearing in No. 608, and ask for a certiorari to correct the diminution of the record and add the order of March 30, 1934, thereto;

or

(b) To treat the order of March 30, 1934, for the purposes of the jurisdiction of this Court, as the entry of a final judgment in the cause by the Supreme Court of Ohio as of that date, and to take a new appeal to this Court to review that judgment,

Both courses have been followed. Appellant has filed a petition for rehearing and a motion for certiorari for diminution of record in Cause No. 608, and they are now before this Court for consideration. Copies of those motions have been served upon the appellees and they have consented to submission at the earliest date. They have been notified that if they wish to file oppositions to such petition and motion they must be on file in this Court by Saturday, April 7th. There appears to be no obstacle to immediate consideration of that petition and motion by this Court.

The new appeal from the judgment of March 30, 1934, has been allowed by the Chief Justice of the Supreme Court of Ohio; the record has been prepared and filed; very little additional printing will be required; and the cause has been docketed in this Court as No. 937, present term. All jurisdictional requirements have been complied with on that appeal. Jurisdictional statement has been filed, and the only obstacle to prompt consideration of that statement

by this Court is that the time for filing opposing statement by appellees has not run and will not run until April 21.

The jurisdictional statement filed in this Cause No. 937 is identical with that filed in said Cause No. 608, except as to the date of the judgment and the date of the appeal therefrom, and the addition of two authorities on the question of the finality of the judgment. This Court noted probable jurisdiction in No. 608, and appellant perceives no ground upon which the appellees can object to the jurisdiction of this Court in Cause No. 937—unless it be the contention that the more proper procedure by which to bring the final judgment of the Supreme Court of Ohio before this Court is by petition for rehearing in No. 608 and certiorari to correct diminution of record in that case, as requested by appellant's petition and motion now before this Court.

It is in the public interest that this cause be decided by this Court on its merits at this term of court. Other cases are pending in which the Public Utilities Commission of Ohio will be aided by the decision in this case. Other cases in the State and Federal courts in Ohio are being held for a decision in this case. There is impounded in a bank more than $150,000.00, the distribution of which to appellant or to its consumers is dependent upon the final disposition of this case. This proceeding has been pending before the Commission and the courts since December 31, 1929, during all which time it is claimed by appellant that its property has been and is being confiscated because of the rate or price at which it has been compelled to sell its gas and render its service.

If the full time is taken by the appellees to file statement opposing jurisdiction in this Cause No. 937, it is feared that the procedural questions above mentioned cannot be determined by this Court in time to permit of an argu-